

**Yuen Foong Yu Consumer Products Co.,
Ltd. and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yuen Foong Yu Consumer Products Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuen Foong Yu Consumer Products Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Wan Lin and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,842,039	23	\$ 1,231,266	16	\$ 526,932	7
Financial assets at amortized cost - current (Note 7)	89,669	1	86,564	1	45,596	1
Notes and accounts receivable (Notes 8 and 17)	1,139,535	14	1,190,247	16	1,088,226	14
Accounts receivable from related parties (Notes 17 and 24)	7,359	-	19,754	-	16,976	-
Other receivables from related parties (Note 24)	2,831	-	373	-	254,997	3
Inventories (Note 9)	1,062,652	14	886,063	12	884,123	12
Disposal groups held for sale (Notes 4, 10 and 24)	-	-	-	-	497,221	6
Other current assets (Note 24)	194,809	3	373,087	5	290,960	4
Total current assets	4,338,894	55	3,787,354	50	3,605,031	47
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 12 and 24)	3,168,362	40	3,298,154	44	3,507,171	46
Right-of-use assets (Note 13)	294,283	4	306,207	4	332,270	5
Deferred tax assets	20,432	-	21,861	-	25,218	-
Other non-current assets	127,839	1	127,971	2	132,378	2
Total non-current assets	3,610,916	45	3,754,193	50	3,997,037	53
TOTAL	\$ 7,949,810	100	\$ 7,541,547	100	\$ 7,602,068	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	\$ 233,000	3	\$ 77,000	1	\$ 599,000	8
Short-term bills payable (Note 14)	149,937	2	-	-	-	-
Notes and accounts payable	499,202	6	431,154	6	411,127	5
Accounts payable to related parties (Note 24)	374,056	5	309,786	4	292,895	4
Cash dividends payable (Note 16)	979,624	12	-	-	-	-
Other payables	875,534	11	1,028,712	14	828,726	11
Other payables to related parties (Note 24)	32,294	-	29,814	-	22,777	-
Current tax liabilities (Note 4)	164,498	2	256,032	3	266,839	4
Lease liabilities - current (Notes 13 and 24)	44,311	1	42,052	1	52,646	1
Liabilities directly associated with disposal groups held for sale (Notes 4, 10 and 24)	-	-	-	-	25,310	-
Other current liabilities (Notes 17 and 24)	95,353	1	65,199	1	33,598	-
Total current liabilities	3,447,809	43	2,239,749	30	2,532,918	33
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 14)	497,540	6	922,180	12	1,623,820	21
Deferred tax liabilities	57,157	1	57,455	1	57,166	1
Lease liabilities - non-current (Notes 13 and 24)	168,848	2	180,357	2	199,230	3
Net defined benefit liabilities (Note 15)	14,898	-	22,047	-	31,472	-
Other non-current liabilities	36,822	1	38,139	1	44,785	1
Total non-current liabilities	775,265	10	1,220,178	16	1,956,473	26
Total liabilities	4,223,074	53	3,459,927	46	4,489,391	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)						
Share capital						
Ordinary shares	2,449,060	31	2,449,060	32	2,416,360	32
Capital surplus	219,055	2	219,055	3	156,481	2
Retained earnings						
Legal reserve	225,589	3	76,248	1	76,248	1
Special reserve	203,863	3	-	-	-	-
Unappropriated earnings	835,845	10	1,493,408	20	640,895	8
Total retained earnings	1,265,297	16	1,569,656	21	717,143	9
Other equity	(250,838)	(3)	(203,863)	(3)	(220,150)	(3)
Total equity attributable to owners of the Company	3,682,574	46	4,033,908	53	3,069,834	40
NON-CONTROLLING INTERESTS						
	44,162	1	47,712	1	42,843	1
Total equity	3,726,736	47	4,081,620	54	3,112,677	41
TOTAL	\$ 7,949,810	100	\$ 7,541,547	100	\$ 7,602,068	100

The accompanying notes are an integral part of the consolidated financial statements.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 17 and 24)	\$ 2,427,871	100	\$ 2,553,802	100	\$ 5,017,189	100	\$ 5,015,597	100
COST OF GOODS SOLD (Notes 9, 18 and 24)	<u>(1,736,119)</u>	<u>(72)</u>	<u>(1,715,795)</u>	<u>(67)</u>	<u>(3,475,967)</u>	<u>(69)</u>	<u>(3,400,194)</u>	<u>(67)</u>
GROSS PROFIT	<u>691,752</u>	<u>28</u>	<u>838,007</u>	<u>33</u>	<u>1,541,222</u>	<u>31</u>	<u>1,615,403</u>	<u>33</u>
OPERATING EXPENSES (Notes 18 and 24)								
Selling and marketing	(223,233)	(9)	(274,656)	(11)	(507,116)	(10)	(571,375)	(11)
General and administrative	(107,246)	(4)	(97,840)	(4)	(225,506)	(4)	(193,842)	(4)
Research and development	<u>(12,153)</u>	<u>(1)</u>	<u>(12,771)</u>	<u>-</u>	<u>(26,055)</u>	<u>(1)</u>	<u>(29,297)</u>	<u>(1)</u>
Total operating expenses	<u>(342,632)</u>	<u>(14)</u>	<u>(385,267)</u>	<u>(15)</u>	<u>(758,677)</u>	<u>(15)</u>	<u>(794,514)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>349,120</u>	<u>14</u>	<u>452,740</u>	<u>18</u>	<u>782,545</u>	<u>16</u>	<u>820,889</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Notes 18 and 24)	(3,469)	-	(7,783)	-	(7,661)	-	(17,437)	-
Interest income (Note 24)	5,335	-	2,823	-	12,756	-	5,494	-
Other income (Note 24)	3,856	-	8,120	-	6,857	-	17,617	-
Gain (loss) on disposal of property, plant and equipment	25	-	64	-	15	-	(920)	-
Other expenses	(286)	-	(2,623)	-	(315)	-	(4,489)	-
Foreign exchange gain (loss) (Note 26)	<u>14,056</u>	<u>1</u>	<u>(12,947)</u>	<u>(1)</u>	<u>8,004</u>	<u>-</u>	<u>(33,562)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>19,517</u>	<u>1</u>	<u>(12,346)</u>	<u>(1)</u>	<u>19,656</u>	<u>-</u>	<u>(33,297)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	368,637	15	440,394	17	802,201	16	787,592	16
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(61,969)</u>	<u>(2)</u>	<u>(74,019)</u>	<u>(3)</u>	<u>(122,847)</u>	<u>(2)</u>	<u>(138,105)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>306,668</u>	<u>13</u>	<u>366,375</u>	<u>14</u>	<u>679,354</u>	<u>14</u>	<u>649,487</u>	<u>13</u>

(Continued)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	\$ (37,339)	(2)	\$ (16,712)	(1)	\$ (46,975)	(1)	\$ (19,751)	-
Equity directly associated with non-current asset or disposal groups held for sale	-	-	(32,319)	(1)	-	-	(32,319)	(1)
Other comprehensive loss for the period, net of income tax	(37,339)	(2)	(49,031)	(2)	(46,975)	(1)	(52,070)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 269,329</u>	<u>11</u>	<u>\$ 317,344</u>	<u>12</u>	<u>\$ 632,379</u>	<u>13</u>	<u>\$ 597,417</u>	<u>12</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 304,064	13	\$ 363,658	14	\$ 675,265	14	\$ 640,895	13
Non-controlling interests	2,604	-	2,717	-	4,089	-	8,592	-
	<u>\$ 306,668</u>	<u>13</u>	<u>\$ 366,375</u>	<u>14</u>	<u>\$ 679,354</u>	<u>14</u>	<u>\$ 649,487</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 266,725	11	\$ 314,627	12	\$ 628,290	13	\$ 588,946	12
Non-controlling interests	2,604	-	2,717	-	4,089	-	8,471	-
	<u>\$ 269,329</u>	<u>11</u>	<u>\$ 317,344</u>	<u>12</u>	<u>\$ 632,379</u>	<u>13</u>	<u>\$ 597,417</u>	<u>12</u>
EARNINGS PER SHARE (Note 20)								
Basic	<u>\$ 1.24</u>		<u>\$ 1.50</u>		<u>\$ 2.76</u>		<u>\$ 2.65</u>	
Diluted	<u>\$ 1.24</u>		<u>\$ 1.50</u>		<u>\$ 2.75</u>		<u>\$ 2.64</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Notes 16 and 21)											
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Equity Related to Non-current Assets Held for Sale (Note 10)	Total	Non-controlling Interests (Notes 16 and 21)	Total Equity
	Shares (In Thousand)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2020	241,636	\$ 2,416,360	\$ 151,622	\$ 29,780	\$ -	\$ 458,588	\$ 488,368	\$ (168,201)	\$ -	\$ 2,888,149	\$ 74,922	\$ 2,963,071
Appropriation of 2019 earnings												
Legal reserve	-	-	-	46,468	-	(46,468)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(412,120)	(412,120)	-	-	(412,120)	-	(412,120)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	640,895	640,895	-	-	640,895	8,592	649,487
Other comprehensive loss for the six months ended June 30, 2020	-	-	-	-	-	-	-	(19,630)	(32,319)	(51,949)	(121)	(52,070)
Total comprehensive (loss) income for the six months ended June 30, 2020	-	-	-	-	-	640,895	640,895	(19,630)	(32,319)	588,946	8,471	597,417
Differences between equity purchase price and carrying amount from actual acquisition of subsidiary (Note 21)	-	-	4,859	-	-	-	-	-	-	4,859	(34,900)	(30,041)
Changes in non-controlling equity	-	-	-	-	-	-	-	-	-	-	(5,650)	(5,650)
BALANCE AT JUNE 30, 2020	<u>241,636</u>	<u>\$ 2,416,360</u>	<u>\$ 156,481</u>	<u>\$ 76,248</u>	<u>\$ -</u>	<u>\$ 640,895</u>	<u>\$ 717,143</u>	<u>\$ (187,831)</u>	<u>\$ (32,319)</u>	<u>\$ 3,069,834</u>	<u>\$ 42,843</u>	<u>\$ 3,112,677</u>
BALANCE AT JANUARY 1, 2021	244,906	\$ 2,449,060	\$ 219,055	\$ 76,248	\$ -	\$ 1,493,408	\$ 1,569,656	\$ (203,863)	\$ -	\$ 4,033,908	\$ 47,712	\$ 4,081,620
Appropriation of 2020 earnings												
Legal reserve	-	-	-	149,341	-	(149,341)	-	-	-	-	-	-
Special reserve	-	-	-	-	203,863	(203,863)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(979,624)	(979,624)	-	-	(979,624)	-	(979,624)
Net profit for the six months ended June 30, 2021	-	-	-	-	-	675,265	675,265	-	-	675,265	4,089	679,354
Other comprehensive loss for the six months ended June 30, 2021	-	-	-	-	-	-	-	(46,975)	-	(46,975)	-	(46,975)
Total comprehensive (loss) income for the six months ended June 30, 2021	-	-	-	-	-	675,265	675,265	(46,975)	-	628,290	4,089	632,379
Changes in non-controlling equity	-	-	-	-	-	-	-	-	-	-	(7,639)	(7,639)
BALANCE AT JUNE 30, 2021	<u>244,906</u>	<u>\$ 2,449,060</u>	<u>\$ 219,055</u>	<u>\$ 225,589</u>	<u>\$ 203,863</u>	<u>\$ 835,845</u>	<u>\$ 1,265,297</u>	<u>\$ (250,838)</u>	<u>\$ -</u>	<u>\$ 3,682,574</u>	<u>\$ 44,162</u>	<u>\$ 3,726,736</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 802,201	\$ 787,592
Adjustments for:		
Depreciation expense	206,713	236,548
Amortization expense	1,461	3,200
Expected credit loss reversed	(710)	(48)
Finance costs	7,661	17,437
Interest income	(12,756)	(5,494)
(Gain) loss on disposal of property, plant and equipment	(15)	920
(Reversed) write-downs of inventories	(1,063)	4,862
Unrealized gain on foreign currency exchange	222	845
Changes in operating assets and liabilities		
Notes and accounts receivable	45,504	115,560
Accounts receivable from related parties	12,321	2,511
Other receivables from related parties	(2,486)	(5,487)
Inventories	(181,799)	62,574
Other current assets	178,256	(524)
Notes and accounts payable	70,121	(49,549)
Accounts payable to related parties	65,251	53,453
Other payables	(140,388)	(64,037)
Other payables to related parties	5,164	(7,283)
Other current liabilities	30,633	(10,040)
Net defined benefit liabilities	(7,149)	(733)
Cash generated from operations	<u>1,079,142</u>	<u>1,142,307</u>
Interest received	12,765	6,074
Interest paid	(7,158)	(16,414)
Income tax paid	<u>(213,312)</u>	<u>(29,454)</u>
Net cash generated from operating activities	<u>871,437</u>	<u>1,102,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) disposal of financial assets at amortized cost	(5,269)	191,305
Payments for property, plant and equipment	(81,100)	(117,188)
Proceeds from disposal of property, plant and equipment	122	9,140
Decrease in other receivables from related parties	-	171,588
(Increase) decrease in other non-current assets	<u>(42)</u>	<u>5,317</u>
Net cash (used in) generated from investing activities	<u>(86,289)</u>	<u>260,162</u>

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YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ 156,000	\$ (226,000)
Increase (decrease) in short-term bills payable	150,000	(199,913)
Repayments of long-term borrowings	(424,640)	(64,180)
(Decrease) increase in other payables to related parties	(2,336)	47
Increase (decrease) in other non-current liabilities	218	(860)
Repayment of the principal portion of lease liabilities	(23,354)	(31,638)
Cash dividends paid	-	(412,120)
Acquisition of interests in subsidiaries (Note 21)	-	(30,041)
Changes in non-controlling interests	(7,639)	(5,650)
Net cash used in financing activities	(151,751)	(970,355)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	(22,624)	21,319
NET INCREASE IN CASH AND CASH EQUIVALENTS	610,773	413,639
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	1,231,266	113,863
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,842,039</u>	<u>\$ 527,502</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 1,842,039	\$ 526,932
Cash and cash equivalents included in disposal groups held for sale	-	570
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 1,842,039</u>	<u>\$ 527,502</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Yuen Foong Yu Consumer Products Co., Ltd. (the “Company”), formerly known as Laiya Co., Ltd., was established and invested by YFY Inc. (originally the parent company which held 100% shares of the Company) in October 1986. In order to comply with the listing rules and regulations, YFY Inc. held 64.52% of the Company’s shares as of June 30, 2021. The Company was renamed as Yuen Foong Yu Consumer Products Co., Ltd. in May 2006. In line with YFY Inc.’s operating strategy to carry out integration, the Company acquired assets, liabilities and business of the household products division that was split from YFY Inc., in accordance with Mergers and Acquisitions Act in October 2007. The Company’s main business items are paper products, paper processed products and household cleaning supplies. The Company’s shares were approved for public offering on August 11, 2020 by the Taipei Exchange (TPEX), and the Company became a listed company at emerging stock market on October 27, 2020. In addition, the Company’s stock listing application was approved by the board of directors of Taiwan Stock Exchange Corporation on June 15, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 11, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the IASB

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 8)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. See Note 11, Tables 4 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Disposal groups classified as held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continued use. Subgroups that meet this classification must be available for immediate sale in its present condition, and their sale must be highly probable. To meet the criteria of the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale is expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their previous carrying amount and at fair value less costs to sell. Such assets classified as held for sale are not depreciated.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2020.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 1,288	\$ 1,130	\$ 1,093
Checking accounts and demand deposits	1,701,751	1,115,947	431,068
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	-	2,189	30,771
Repurchase agreements collateralized by bonds	<u>139,000</u>	<u>112,000</u>	<u>64,000</u>
	<u>\$ 1,842,039</u>	<u>\$ 1,231,266</u>	<u>\$ 526,932</u>

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Cash equivalents	0.19%	0.20%-1.00%	0.29%-2.20%

7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits with original maturities of more than 3 months and not exceeding 1 year	<u>\$ 89,669</u>	<u>\$ 86,564</u>	<u>\$ 45,596</u>

The interest rates for time deposits with original maturities between three months and one year as of June 30, 2021, December 31, 2020 and June 30, 2020 were 0.28%-2.1%, 0.40%-1.40% and 0.78%-2.65%, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable - operating	\$ 82,692	\$ 73,864	\$ 84,779
Accounts receivable - operating	1,059,984	1,120,270	1,006,347
Less: Allowance for impairment loss	<u>(3,141)</u>	<u>(3,887)</u>	<u>(2,900)</u>
	<u>\$ 1,139,535</u>	<u>\$ 1,190,247</u>	<u>\$ 1,088,226</u>

The Group's customers are a large number of unrelated customers that did not create concentration of credit risk.

For accounts receivable that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group held adequate collaterals or other credit enhancements for these receivables.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

June 30, 2021

	Not Past Due	Less than 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,111,355	\$ 28,858	\$ -	\$ -	\$ 2,463	\$ 1,142,676
Loss allowance (Lifetime ECLs)	<u>(206)</u>	<u>(472)</u>	<u>-</u>	<u>-</u>	<u>(2,463)</u>	<u>(3,141)</u>
Amortized cost	<u>\$ 1,111,149</u>	<u>\$ 28,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139,535</u>

December 31, 2020

	Not Past Due	Less than 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,179,323	\$ 9,882	\$ 1,959	\$ -	\$ 2,970	\$ 1,194,134
Loss allowance (Lifetime ECLs)	<u>(267)</u>	<u>(98)</u>	<u>(552)</u>	<u>-</u>	<u>(2,970)</u>	<u>(3,887)</u>
Amortized cost	<u>\$ 1,179,056</u>	<u>\$ 9,784</u>	<u>\$ 1,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190,247</u>

June 30, 2020

	Not Past Due	Less than 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,076,741	\$ 11,247	\$ 6	\$ 6	\$ 3,126	\$ 1,091,126
Loss allowance (Lifetime ECLs)	<u>(61)</u>	<u>(9)</u>	<u>(5)</u>	<u>-</u>	<u>(2,825)</u>	<u>(2,900)</u>
Amortized cost	<u>\$ 1,076,680</u>	<u>\$ 11,238</u>	<u>\$ 1</u>	<u>\$ 6</u>	<u>\$ 301</u>	<u>\$ 1,088,226</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 3,887	\$ 3,016
Net remeasurement of loss allowance	(710)	(48)
Foreign exchange differences	<u>(36)</u>	<u>(68)</u>
Balance at June 30	<u>\$ 3,141</u>	<u>\$ 2,900</u>

9. INVENTORIES

	June 30, 2021	December 31, 2020	June 30, 2020
Finished and purchased goods	\$ 443,937	\$ 419,645	\$ 380,525
Work in process	193,601	96,155	82,080
Materials	<u>425,114</u>	<u>370,263</u>	<u>421,518</u>
	<u>\$ 1,062,652</u>	<u>\$ 886,063</u>	<u>\$ 884,123</u>

The cost of goods sold for the three and six months ended June 30, 2021 and 2020 included reversal of inventories write-downs of \$973 thousand, \$9,223 thousand, \$1,063 thousand and \$(4,862) thousand, respectively. Due to the disposal of inventories which were written down, net realizable value of inventory increased.

10. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On June 22, 2020, the Group's board of directors resolved to dispose of the entire shares of YFY Family Paper (Beijing) Co., Ltd., and the Group entered into a sale agreement to sell the shares to Huatong Development (HK) Limited for RMB180,000 thousand in July 2020. The reclassification of the disposal groups held for sale was expressed separately in the consolidated balance sheet, and the details were as follows:

	June 30, 2020
Cash and cash equivalents	\$ 570
Inventories	98,522
Other receivables from related parties	20,894
Other current assets	911
Property, plant and equipment	354,365
Right-of-use assets	21,070
Other non-current assets	<u>889</u>
Disposal groups classified as held for sale	<u>\$ 497,221</u>
Accounts payable	\$ 4,850
Accounts payable to related parties	14,280
Other payables	2,222
Other current liabilities	3,934
Other non-current liabilities	<u>24</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 25,310</u>
Equity directly associated with disposal groups classified as held for sale	<u>\$ (32,319)</u>

The net proceeds from the disposal exceeded the carrying amount of the related net assets, and accordingly, no impairment loss was recognized while reclassifying the assets and liabilities attributable to the disposal groups held for sale. The equity transfer was completed in August 2020, and recognized gain on disposal of \$356,826 thousand upon completion.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Yuen Foong Yu Consumer Products Investment Limited	Investment and holding.	100.0	100.0	100.0	
	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	E-commerce of selling consumer products	100.0	100.0	100.0	a.
	YFY Consumer Products, Co.	E-commerce for intellectual property management and sales of consumer products	100.0	0.0	0.0	c.
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	0.0	0.0	100.0	b.
	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	100.0	100.0	100.0	d.
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	

(Concluded)

- The Company acquired 50% of the equity of Yuen Foong Shop Co., Ltd. from YFY Paradigm Investment Co., Ltd. in March 2020, which increased its shareholding to 100%.
- In response to changes in the mainland China's market, the Group resolved to sell all the equity of YFY Family Paper (Beijing) Co., Ltd. in June 2020 and classified the subsidiary to disposal group held for sale, please refer to Note 10. The disposal of the subsidiary was completed in August 2020, refer to Note 22 to the consolidated financial statements for the year ended December 31, 2020.
- In order to expand the US market, the Company established YFY Consumer Products, Co. in January 2021. It was registered on June 30, 2021, but the payment is not realized yet.
- In order to adjust the business and optimize the financial structure in response to the changes in the mainland China's market, the Group's board of directors resolved to sell the entire equity of Shanghai YFY International Trade Co., Ltd., and the Group entered into a sale agreement in July 2021. The disposal price is RMB20 thousand, which is higher than the carrying amount, therefore, no impairment loss should be recognized. The disposal is expected to be completed in August 2021.
- The financial statements of subsidiaries included in the abovementioned consolidated financial statements are based on the reviewed amounts.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2020	\$ 675,822	\$ 1,339,411	\$ 4,968,579	\$ 554,755	\$ 229,429	\$ 323,221	\$ 180	\$ 8,091,397
Additions	-	5,748	14,130	5,574	5,101	7,629	-	38,182
Disposals	-	(1,150)	(56,755)	(375)	(502)	(3,384)	-	(62,166)
Effect of foreign currency exchange differences	-	(15,811)	(82,122)	(10,363)	(3,282)	(2,929)	(1)	(114,508)
Reclassified as held for sale	-	(293,319)	(356,867)	(135,679)	(28,282)	(24,431)	-	(838,578)
Transfers from investment properties	-	82,987	-	-	-	-	-	82,987
Reclassifications	-	-	179	-	-	-	(179)	-
Balance at June 30, 2020	<u>\$ 675,822</u>	<u>\$ 1,117,866</u>	<u>\$ 4,487,144</u>	<u>\$ 413,912</u>	<u>\$ 202,464</u>	<u>\$ 300,106</u>	<u>\$ -</u>	<u>\$ 7,197,314</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 660,186	\$ 2,563,453	\$ 396,919	\$ 179,314	\$ 267,291	\$ -	\$ 4,067,163
Depreciation expenses	-	30,118	140,385	12,478	8,144	11,603	-	202,728
Disposals	-	(1,150)	(46,838)	(253)	(497)	(3,368)	-	(52,106)
Effect of foreign currency exchange differences	-	(9,213)	(44,566)	(8,463)	(2,748)	(2,566)	-	(67,556)
Reclassified as held for sale	-	(155,249)	(160,698)	(120,271)	(24,551)	(23,444)	-	(484,213)
Transfers from investment properties	-	24,127	-	-	-	-	-	24,127
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 548,819</u>	<u>\$ 2,451,736</u>	<u>\$ 280,410</u>	<u>\$ 159,662</u>	<u>\$ 249,516</u>	<u>\$ -</u>	<u>\$ 3,690,143</u>
Carrying amounts at June 30, 2020	<u>\$ 675,822</u>	<u>\$ 569,047</u>	<u>\$ 2,035,408</u>	<u>\$ 133,502</u>	<u>\$ 42,802</u>	<u>\$ 50,590</u>	<u>\$ -</u>	<u>\$ 3,507,171</u>
Cost								
Balance at January 1, 2021	\$ 675,822	\$ 1,130,649	\$ 3,862,808	\$ 408,807	\$ 206,764	\$ 301,856	\$ 2,031	\$ 6,588,737
Additions	-	3	38,877	1,310	8,826	14,735	1,872	65,623
Disposals	-	(2,049)	(712)	(562)	(5,693)	(13,478)	-	(22,494)
Effect of foreign currency exchange differences	-	(3,675)	(24,398)	(2,908)	(1,169)	(993)	74	(33,069)
Reclassifications	-	(328)	2,052	(68)	9	1,794	(3,459)	-
Balance at June 30, 2021	<u>\$ 675,822</u>	<u>\$ 1,124,600</u>	<u>\$ 3,878,627</u>	<u>\$ 406,579</u>	<u>\$ 208,737</u>	<u>\$ 303,914</u>	<u>\$ 518</u>	<u>\$ 6,598,797</u>

(Continued)

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 578,713	\$ 2,007,083	\$ 283,869	\$ 167,922	\$ 252,996	\$ -	\$ 3,290,583
Depreciation expenses	-	23,390	127,727	12,271	6,650	11,674	-	181,712
Disposals	-	(2,049)	(646)	(563)	(5,678)	(13,451)	-	(22,387)
Effect of foreign currency exchange differences	-	(2,442)	(12,871)	(2,403)	(963)	(794)	-	(19,473)
Reclassifications	-	(231)	(63)	(68)	9	353	-	-
Balance at June 30, 2021	\$ -	\$ 597,381	\$ 2,121,230	\$ 293,106	\$ 167,940	\$ 250,778	\$ -	\$ 3,430,435
Carrying amounts at January 1, 2021	\$ 675,822	\$ 551,936	\$ 1,855,725	\$ 124,938	\$ 38,842	\$ 48,860	\$ 2,031	\$ 3,298,154
Carrying amounts at June 30, 2021	\$ 675,822	\$ 527,219	\$ 1,757,397	\$ 113,473	\$ 40,797	\$ 53,136	\$ 518	\$ 3,168,362

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-55 years
Machinery	3-20 years
Electric equipment	5-15 years
Tools	3-10 years
Miscellaneous equipment	3-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020	
<u>Carrying amounts</u>				
Land	\$ 115,427	\$ 120,683	\$ 121,404	
Buildings	174,366	181,802	207,282	
Office equipment	<u>4,490</u>	<u>3,722</u>	<u>3,584</u>	
	<u>\$ 294,283</u>	<u>\$ 306,207</u>	<u>\$ 332,270</u>	
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2021	2020	2021	2020
Additions to right-of-use assets	<u>\$ 13,436</u>	<u>\$ 385</u>	<u>\$ 14,169</u>	<u>\$ 385</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,125	\$ 2,251	\$ 4,257	\$ 4,522
Buildings	9,655	13,582	19,074	27,680
Office equipment	<u>720</u>	<u>802</u>	<u>1,670</u>	<u>1,618</u>
	<u>\$ 12,500</u>	<u>\$ 16,635</u>	<u>\$ 25,001</u>	<u>\$ 33,820</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2021 and 2020.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 44,311</u>	<u>\$ 42,052</u>	<u>\$ 52,646</u>
Non-current	<u>\$ 168,848</u>	<u>\$ 180,357</u>	<u>\$ 199,230</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Land	1.08%	1.08%	1.08%
Buildings	0.98%-2.37%	1.06%-2.37%	1.06%-2.37%
Office equipment	0.98%-1.42%	1.05%-1.42%	1.06%-1.42%

c. Material lease-in activities and terms

The Group leases certain equipment and buildings for the use of operating activities with lease terms of 2 to 12 years. These arrangements do not contain renewal or purchase options at the end of the lease terms. The lease contract for land and buildings located in mainland China specifies that land and buildings are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2021	2020	2021	2020
Expenses relating to short-term leases and low-value asset leases	<u>\$ 27,712</u>	<u>\$ 15,202</u>	<u>\$ 55,620</u>	<u>\$ 34,457</u>
Total cash outflow for leases	<u>\$ 39,983</u>	<u>\$ 31,466</u>	<u>\$ 80,138</u>	<u>\$ 67,576</u>

14. BORROWINGS

a. Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Bank credit loans	<u>\$ 233,000</u>	<u>\$ 77,000</u>	<u>\$ 599,000</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, the interest rates of short-term borrowings were 0.75%-0.99% per annum, 0.90%-1.00% per annum and 0.76%-1.08% per annum, respectively.

b. Short-term bills payable

	June 30, 2021	December 31, 2020	June 30, 2020
Short-term bills payable	\$ 150,000	\$ -	\$ -
Less: Discounts on short-term bills payable	<u>(63)</u>	<u>-</u>	<u>-</u>
	<u>\$ 149,937</u>	<u>\$ -</u>	<u>\$ -</u>

The discount rate for short-term bills payable with original maturities less than one year as of June 30, 2021 was 0.81%.

c. Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Bank credit loans	<u>\$ 497,540</u>	<u>\$ 922,180</u>	<u>\$ 1,623,820</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, the interest rates of long-term borrowings were 0.89% per annum, 0.99%-1.21% per annum and 0.89%-1.80% per annum, respectively.

15. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect of the Group's defined benefit plans for the three and six months ended June 30, 2021 and 2020 were calculated based on the pension cost rate determined by the actuarial calculation as of December 31, 2020 and 2019, which amounted to \$916 thousand, \$899 thousand, \$1,832 thousand and \$1,802 thousand, respectively.

16. EQUITY

a. Ordinary shares

	June 30, 2021	December 31, 2020	June 30, 2020
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>244,906</u>	<u>244,906</u>	<u>241,636</u>
Shares issued	<u>\$ 2,449,060</u>	<u>\$ 2,449,060</u>	<u>\$ 2,416,360</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

The Company set July 15, 2020 as the subscription base date for the exercise of employee share options and issued 3,270 thousand new shares. The exercise price and par value were \$15 and \$10, respectively. The total paid-in capital after the capital increase was \$2,449,060 thousand.

On June 24, 2021, the Company's board of directors resolved to issue 22,223 thousand ordinary shares before listing, at a premium price of \$52 per share at the tentative underwriting price of public subscription, with a par value of \$10. On July 8, 2021, the above transaction was approved by the Taiwan Stock Exchange, and the actual exercise price, subscription base date and other related matters will be determined by the chairman of the board authorized by the board of directors.

b. Capital surplus

	Differences Between Equity Purchase Price and Carrying Amount from Actual Acquisition or Disposal of Subsidiary			
	(1)	Share Premium (1)	Others (2)	Total
Balance at January 1, 2020	\$ 151,622	\$ -	\$ -	\$ 151,622
Difference between purchase price and the carrying amount of Yuen Foong Shop Co., Ltd. (Note 21)	<u>4,859</u>	<u>-</u>	<u>-</u>	<u>4,859</u>
Balance at June 30, 2020	<u>\$ 156,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,481</u>
Balance at January 1 and June 30, 2021	<u>\$ 156,481</u>	<u>\$ 61,859</u>	<u>\$ 715</u>	<u>\$ 219,055</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus can only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

In consideration of the overall environment and the long-term financial planning to achieve sustainable and stable business development, the Company's dividend policy is mainly based on the future capital budget plan to measure the capital needs of the following year. Every year, no less than 30% of the available profit shall be allocated to distribute shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends are no less than 20%. However, when the Company has capital expenditure needs, all the aforementioned dividends will be distributed in the form of share dividends. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 18(d).

An appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Order No. 1010012865, Order No. 1010047490, and Order No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from a special reserve. When the deduction balance of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

The appropriations of earnings for 2019 were approved by the Company's board of directors (on behalf of the shareholders' meetings) on May 13, 2020 as follows:

	For the Year Ended December 31, 2019
Legal reserve	<u>\$ 46,468</u>
Cash dividends	<u>\$ 412,120</u>
Cash dividends per share (NT\$)	<u>\$ 1.71</u>

The appropriations of earnings for 2020 were proposed by the Company's board of directors on February 25, 2021 as follows:

	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 149,341</u>
Special reserve	<u>\$ 203,863</u>
Cash dividends	<u>\$ 979,624</u>
Cash dividends per share (NT\$)	<u>\$ 4</u>

In response to the Measures for Public Companies to Postpone Shareholders' Meetings for Pandemic Prevention announced by the FSC, the Company stopped convening the original shareholders' meeting and held the shareholders' meeting on July 26, 2021. However, as of June 28, 2021 the electronic voting transmission result on the appropriation of earnings for 2020 reached the legal resolution threshold, and the Group adjusted the related amount accordingly.

d. Non-controlling interests

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 47,712	\$ 74,922
Attributable to non-controlling interests:		
Share of profit for the year	4,089	8,592
Exchange differences on translation of foreign financial statements	-	(121)
Equity transactions with non-controlling interests (Note 21)	-	(34,900)
Dividends issued by subsidiaries	<u>(7,639)</u>	<u>(5,650)</u>
Balance at June 30	<u>\$ 44,162</u>	<u>\$ 42,843</u>

17. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers - sale of goods	<u>\$ 2,427,871</u>	<u>\$ 2,553,802</u>	<u>\$ 5,017,189</u>	<u>\$ 5,015,597</u>

Contract Balances

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,146,894</u>	<u>\$ 1,210,001</u>	<u>\$ 1,105,202</u>
Contract liabilities - sale of goods (under other current liabilities)	<u>\$ 43,199</u>	<u>\$ 11,431</u>	<u>\$ 4,778</u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers - sale of goods	<u>\$ 2,322</u>	<u>\$ 154</u>	<u>\$ 9,775</u>	<u>\$ 4,647</u>

For information about notes receivable and accounts receivable, refer to Note 8. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

18. NET PROFIT

a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 2,917	\$ 7,075	\$ 6,529	\$ 15,963
Interest on bank loans	572	715	1,164	1,481
Less: Capitalization amount of interest	<u>(20)</u>	<u>(7)</u>	<u>(32)</u>	<u>(7)</u>
	<u>\$ 3,469</u>	<u>\$ 7,783</u>	<u>\$ 7,661</u>	<u>\$ 17,437</u>

Information about capitalized interest was as follows:

	For the Six Months Ended June 30			
	2021		2020	
Capitalization interest rate	0.86%-1.09%		0.89%-1.00%	
b. Depreciation and amortization				
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Right-of-use assets	\$ 12,500	\$ 16,635	\$ 25,001	\$ 33,820
Property, plant and equipment	91,091	100,588	181,712	202,728
Other non-current assets	<u>697</u>	<u>1,572</u>	<u>1,461</u>	<u>3,200</u>
	<u>\$ 104,288</u>	<u>\$ 118,795</u>	<u>\$ 208,174</u>	<u>\$ 239,748</u>
An analysis of depreciation by function				
Operating costs	\$ 87,106	\$ 97,130	\$ 174,101	\$ 195,651
Operating expenses	<u>16,485</u>	<u>20,093</u>	<u>32,612</u>	<u>40,897</u>
	<u>\$ 103,591</u>	<u>\$ 117,223</u>	<u>\$ 206,713</u>	<u>\$ 236,548</u>
An analysis of amortization by function				
Operating costs	\$ 28	\$ 809	\$ 113	\$ 1,658
Operating expenses	<u>669</u>	<u>763</u>	<u>1,348</u>	<u>1,542</u>
	<u>\$ 697</u>	<u>\$ 1,572</u>	<u>\$ 1,461</u>	<u>\$ 3,200</u>
c. Employee benefit expense				
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Post-employment benefits				
Defined contribution plans	\$ 7,009	\$ 6,681	\$ 13,964	\$ 13,231
Defined benefit plans (Note 15)	<u>916</u>	<u>899</u>	<u>1,832</u>	<u>1,802</u>
	7,925	7,580	15,796	15,033
Other employee benefits	<u>290,305</u>	<u>283,708</u>	<u>585,528</u>	<u>549,393</u>
Total employee benefits expense	<u>\$ 298,230</u>	<u>\$ 291,288</u>	<u>\$ 601,324</u>	<u>\$ 564,426</u>
An analysis of amortization by function				
Operating costs	\$ 145,894	\$ 145,222	\$ 299,757	\$ 276,298
Operating expenses	<u>152,336</u>	<u>146,066</u>	<u>301,567</u>	<u>288,128</u>
	<u>\$ 298,230</u>	<u>\$ 291,288</u>	<u>\$ 601,324</u>	<u>\$ 564,426</u>

d. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated compensation of employees and remuneration of directors for the three and six months ended June 30, 2021 and 2020 were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2021	2020	2021	2020
<u>Amount</u>				
Compensation of employees	\$ 4,312	\$ 2,987	\$ 8,626	\$ 5,964
Remuneration of directors	3,287	-	6,586	-

The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on February 25, 2021 and March 19, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 17,216	\$ 5,769
Remuneration of directors	3,015	-

There was no difference between the actual amounts of the compensation and remuneration proposed in 2020 and 2019, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2021	2020	2021	2020
Current tax	\$ 62,378	\$ 68,518	\$ 121,804	\$ 134,054
Deferred tax	<u>(409)</u>	<u>5,501</u>	<u>1,043</u>	<u>4,051</u>
Income tax expense recognized in profit or loss	<u>\$ 61,969</u>	<u>\$ 74,019</u>	<u>\$ 122,847</u>	<u>\$ 138,105</u>

- b. The tax filings of the Company through 2016 have been approved by the tax authorities. The tax filings of Yuen Foong Shop Co., Ltd. through 2018 have been approved by the tax authorities. The tax filings of Ever Growing Agriculture Biotech Co., Ltd. through 2019 have been approved by the tax authorities.

20. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share (NT\$)	<u>\$ 1.24</u>	<u>\$ 1.50</u>	<u>\$ 2.76</u>	<u>\$ 2.65</u>
Diluted earnings per share (NT\$)	<u>\$ 1.24</u>	<u>\$ 1.50</u>	<u>\$ 2.75</u>	<u>\$ 2.64</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net profit for the period:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Profit for the period attributable to owners of the Company	<u>\$ 304,064</u>	<u>\$ 363,658</u>	<u>\$ 675,265</u>	<u>\$ 640,895</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	244,906	241,636	244,906	241,636
Effects of potentially dilutive ordinary shares:				
Compensation of employees	<u>287</u>	<u>235</u>	<u>898</u>	<u>677</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>245,193</u>	<u>241,871</u>	<u>245,804</u>	<u>242,313</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

To boost management performance, the Group carried out a restructuring of the organization, and acquired 50% shares of Yuen Foong Shop Co., Ltd. from YFY Paradigm Investment Co., Ltd. in March 2020.

The above transaction was accounted for as equity transaction since it did not change the control over the subsidiary.

	Yuen Foong Shop Co., Ltd.
Consideration received	\$ (30,041)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>34,900</u>
Differences recognized from equity transactions	<u>\$ 4,859</u>

22. CAPITAL MANAGEMENT

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of new debt issued or existing debt redeemed.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

b. Categories of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 3,243,660	\$ 2,701,706	\$ 2,065,753
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	3,678,009	2,836,785	3,823,130

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, accounts receivable from related parties, other receivables from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other current and non-current assets).

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, accounts payable to related parties, other payables, other payables to related parties, long-term borrowings, long-term payables (accounted as other non-current liabilities) and deposits received (accounted as other non-current liabilities).

c. Financial risk management objectives and policies

The Group's main target of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign forward currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Six Months Ended June 30	
	2021	2020
Profit or loss at 5% variance		
USD	<u>\$ (41,576)</u>	<u>\$ (42,778)</u>
RMB	<u>\$ 357</u>	<u>\$ 25,391</u>

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	<u>\$ 228,669</u>	<u>\$ 200,753</u>	<u>\$ 408,006</u>
Financial liabilities	<u>\$ 382,937</u>	<u>\$ 646,931</u>	<u>\$ 758,968</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 1,701,751</u>	<u>\$ 1,115,947</u>	<u>\$ 431,068</u>
Financial liabilities	<u>\$ 497,540</u>	<u>\$ 577,000</u>	<u>\$ 1,466,000</u>

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of changing in interest rates is not significant to the Group.

Sensitivity analysis

For the Group's floating interest rate financial liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 and 2020 would have decreased/increased as follows:

	For the Six Months Ended	
	June 30	
	2021	2020
Increase (decrease)	\$ 602	\$ (517)

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities and financial assets from investing activities as stated in the consolidated balance sheets.

The Group's transactions are done with a large number of unrelated customers and various industries. The Group continuously evaluates the financial conditions of those customers.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce the credit risk from specific customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was no significant credit risk.

3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and sufficient bank facilities required by business operation and to ensure the Group has sufficient financial flexibility.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group's unused financing facilities were \$6,054,205 thousand, \$5,927,250 thousand and \$4,659,166 thousand, respectively.

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
San Ying Enterprise Co., Ltd.	Fellow subsidiary
YFY Biotech Management Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Fidelis IT Solutions Co, Ltd.	Fellow subsidiary
Arizon RFID Technology (Hong Kong) Co., Ltd.	Fellow subsidiary
YFY Packaging (Yangzhou) Investment Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
YFY Paradigm Investment Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Shanghai) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Qingdao) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Nanjing) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Suzhou) Co., Ltd.	Fellow subsidiary
YFY International Limited	Fellow subsidiary
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Fellow subsidiary
Livebricks Inc.	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Pek Crown Paper Co., Ltd.	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
Guangdong Dingfung Pulp & Paper Co., Ltd.	Fellow subsidiary
YFY Jupiter US, Inc.	Fellow subsidiary
YFY Development Corp.	Fellow subsidiary
Genovella Renewables Inc.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Incorporated	Substantive related party
SinoPac Leasing Co., Ltd.	Substantive related party
SinoPac Financial Holdings Company Limited	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
YFY Biotechnology Co., Ltd.	Substantive related party
YFY Biotechnology (Kunshun) Co., Ltd.	Substantive related party
YFY Restaurant Management (Shanghai) Co., Ltd.	Substantive related party
Xingyuan Investment Co., Ltd.	Substantive related party
Beautone Co., Ltd.	Substantive related party
Hotan Life Corporation	Substantive related party
Shin-Yi Enterprise Co., Ltd.	Substantive related party
Shin-Yi Foundation	Substantive related party
SinoPac Securities Co., Ltd.	Substantive related party
Taiwan Stock Exchange	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Shin-Yi Foundation Publishing	Substantive related party
Sung Yu Corporation	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
Yuanhan Materials Inc.	Substantive related party
Synmax Biochemical Co., Ltd.	Substantive related party
Transcend Optronics (Yangzhou) Co., Ltd.	Substantive related party
	(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 2,440	\$ 2,547	\$ 5,363	\$ 10,087
Substantive related parties	2,449	2,380	5,109	5,286
Parent company	<u>120</u>	<u>105</u>	<u>2,494</u>	<u>1,451</u>
	<u>\$ 5,009</u>	<u>\$ 5,032</u>	<u>\$ 12,966</u>	<u>\$ 16,824</u>

For sales of goods to related parties, the prices and terms of receivables approximate those with non-related parties.

c. Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fellow subsidiaries				
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ 109,419	\$ 177,944	\$ 290,864	\$ 290,623
Chung Hwa Pulp Corporation	246,855	132,937	419,357	192,923
Others	<u>52,929</u>	<u>52,797</u>	<u>107,188</u>	<u>138,112</u>
	409,203	363,678	817,409	621,658
Substantive related parties	<u>288</u>	<u>186</u>	<u>584</u>	<u>511</u>
	<u>\$ 409,491</u>	<u>\$ 363,864</u>	<u>\$ 817,993</u>	<u>\$ 622,169</u>

For purchases of goods from related parties, the prices and terms of payables approximate those with non-related parties.

d. Accounts receivable from related parties

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiaries	\$ 4,999	\$ 17,791	\$ 14,673
Substantive related parties	2,313	1,960	2,208
Parent company	<u>47</u>	<u>3</u>	<u>95</u>
	<u>\$ 7,359</u>	<u>\$ 19,754</u>	<u>\$ 16,976</u>

The outstanding accounts receivable from related parties are unsecured.

- e. Accounts payable to related parties (accounted as accounts payable to related parties and liabilities directly associated with disposal groups classified as held for sale)

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiaries			
Chung Hwa Pulp Corporation	\$ 249,239	\$ 125,895	\$ 129,688
Guangdong Dingfung Pulp & Paper Co., Ltd.	50,326	106,132	98,924
Others	<u>74,288</u>	<u>77,727</u>	<u>78,014</u>
	373,853	309,754	306,626
Substantive related parties	<u>203</u>	<u>32</u>	<u>549</u>
	<u>\$ 374,056</u>	<u>\$ 309,786</u>	<u>\$ 307,175</u>

The outstanding accounts payable to related parties are unsecured.

- f. Other receivables from related parties (excluding loans to related parties)

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiaries	\$ 2,831	\$ 327	\$ 7,664
Substantive related parties	<u>-</u>	<u>46</u>	<u>-</u>
	<u>\$ 2,831</u>	<u>\$ 373</u>	<u>\$ 7,664</u>

- g. Loans to related parties (accounted as other receivables from related parties and disposal groups held for sale)

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
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Other receivables

Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ -	\$ -	\$ 268,227

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020

Interest income

Fellow subsidiaries				
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ -	\$ 1,608	\$ -	\$ 4,632

The Group provided loans to YFY Paper MFG (Yangzhou) Co., Ltd. with interest rate of 3.25%.

h. Other payables to related parties (excluding loans from related parties)

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Fellow subsidiaries	\$ 30,612	\$ 25,735	\$ 19,495
Substantive related parties	<u>1,682</u>	<u>1,737</u>	<u>1,127</u>
	<u>\$ 32,294</u>	<u>\$ 27,472</u>	<u>\$ 20,622</u>

i. Loans from related parties (accounted as other payables to related parties)

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
<u>Other payables</u>			
Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ _____ -	\$ <u>2,342</u>	\$ <u>2,155</u>

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020

Interest paid

Fellow subsidiaries				
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ <u>2</u>	\$ <u>49</u>	\$ <u>23</u>	\$ <u>94</u>

The Group obtained loans from related parties with interest rate of 3.5%.

j. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Six Months Ended June 30	
	2021	2020
Fellow subsidiaries	\$ _____ -	\$ <u>320</u>

k. Disposal of property, plant and equipment

Related Party Category	Proceeds For the Six Months Ended June 30	
	2021	2020
Fellow subsidiaries	\$ <u>5</u>	\$ _____ -

l. Lease arrangements

Lease Liabilities	June 30, 2021		December 31, 2020		June 30, 2020
Fellow subsidiaries	\$	33,554	\$	36,374	\$ 39,180
Substantive related parties		<u>-</u>		<u>244</u>	<u>1,701</u>
	\$	<u>33,554</u>	\$	<u>36,618</u>	<u>40,881</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30		
Interest Paid	2021	2020	2021	2020	
Fellow subsidiaries	\$ 93	\$ 108	\$ 190	\$ 220	
Substantive related parties	<u>-</u>	<u>7</u>	<u>-</u>	<u>17</u>	
	<u>\$ 93</u>	<u>\$ 115</u>	<u>\$ 190</u>	<u>\$ 237</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30		
Lease Paid	2021	2020	2021	2020	
Fellow subsidiaries	\$ 9,728	\$ 16,901	\$ 18,467	\$ 18,134	
Substantive related parties	<u>3,094</u>	<u>1,674</u>	<u>5,974</u>	<u>4,045</u>	
	<u>\$ 12,822</u>	<u>\$ 18,575</u>	<u>\$ 24,441</u>	<u>\$ 22,179</u>	

The lease period, rent and the payment condition for related parties are equivalent to non-related parties.

m. Other transactions with related parties

Related Party Category	Miscellaneous Expenses (Accounted as Operating Costs and Expenses)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 59,764	\$ 72,560	\$ 127,735	\$ 92,228
Substantive related parties	<u>2,567</u>	<u>2,348</u>	<u>5,086</u>	<u>4,426</u>
	<u>\$ 62,331</u>	<u>\$ 74,908</u>	<u>\$ 132,821</u>	<u>\$ 96,654</u>
Related Party Category	Agency Fees (Accounted as Operating Expenses)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fellow subsidiaries	<u>\$ 2,201</u>	<u>\$ 3,018</u>	<u>\$ 4,402</u>	<u>\$ 6,035</u>
Related Party Category	Other Income (Accounted as Non-operating Revenue)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fellow subsidiaries	<u>\$ 1,828</u>	<u>\$ 9,736</u>	<u>\$ 4,783</u>	<u>\$ 11,690</u>

Related Party Category	Advance Received (Accounted as Other Current Liabilities)		
	December 31,		
	June 30, 2021	2020	June 30, 2020
Fellow subsidiaries	\$ -	\$ -	\$ -
Substantive related parties	<u>4</u>	<u>-</u>	<u>-</u>
	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>

Related Party Category	Prepayments (Accounted as Other Current Assets)		
	December 31,		
	June 30, 2021	2020	June 30, 2020
Fellow subsidiaries	\$ 60	\$ -	\$ -
Substantive related parties	<u>69</u>	<u>-</u>	<u>-</u>
	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ -</u>

n. Acquisition of financial assets

Refer to Note 21.

o. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
	Salaries and benefits	<u>\$ 15,950</u>	<u>\$ 14,210</u>	<u>\$ 32,403</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's subsidiaries, clients and suppliers in certain locations are subject to quarantine and travel restriction policies. The Group considered that its overall operation and financial condition were not significantly impacted. There is no doubt on the Group's ability to continue as a going concern, and no impairment of assets or financing risk recognized.

26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	June 30, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 691	27.86	\$ 19,251
RMB	1,658	4.313	7,150
<u>Financial liabilities</u>			
Monetary items			
USD	30,537	27.86	850,761
RMB	1	4.313	4
	December 31, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,167	28.48	\$ 33,236
RMB	2,142	4.377	9,376
<u>Financial liabilities</u>			
Monetary items			
USD	30,009	28.48	854,656
	June 30, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,164	29.63	\$ 34,489
RMB	126,293	4.191	529,294
<u>Financial liabilities</u>			
Monetary items			
USD	30,039	29.63	890,056
RMB	5,124	4.191	21,476

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Six Months Ended June 30			
	2021		2020	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	27.86 (USD:NTD)	\$ (86)	29.63 (USD:NTD)	\$ (126)
USD	6.4601 (USD:RMB)	8,104	7.0795 (USD:RMB)	(13,530)
RMB	4.313 (RMB:NTD)	<u>(19)</u>	4.185 (RMB:NTD)	<u>(19,906)</u>
		<u>\$ 7,999</u>		<u>\$ (33,562)</u>

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)
- 11) Information on investees (Table 4)

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 2)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 2)
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

28. SEGMENT INFORMATION

Segment revenue and results are as follows:

	Taiwan	Mainland China	Adjustment and Elimination	Total
For the six months ended <u>June 30, 2021</u>				
Revenue from external customers	<u>\$ 3,191,037</u>	<u>\$ 1,826,152</u>	<u>\$ -</u>	<u>\$ 5,017,189</u>
Revenue from other internal operating segments	<u>\$ 631,235</u>	<u>\$ 1,909,796</u>	<u>\$ (2,541,031)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 594,633</u>	<u>\$ 207,568</u>	<u>\$ -</u>	<u>\$ 802,201</u>
For the six months ended <u>June 30, 2020</u>				
Revenue from external customers	<u>\$ 3,284,469</u>	<u>\$ 1,731,128</u>	<u>\$ -</u>	<u>\$ 5,015,597</u>
Revenue from other internal operating segments	<u>\$ 550,618</u>	<u>\$ 1,822,482</u>	<u>\$ (2,373,100)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 650,898</u>	<u>\$ 136,694</u>	<u>\$ -</u>	<u>\$ 787,592</u>

The Group classifies its products into two segments in accordance with their characteristics as follows:

a. Taiwan

Manufacture and sale of paper and paper-related merchandise in Taiwan.

b. Mainland China

Manufacture and sale of paper and paper-related merchandise in mainland China.

The accounting policies of each segment are the same as those accounting policies stated in Note 4. The performance of segments is measured by income after tax. Revenue and profit between segments have been adjusted; these adjustments include the elimination of intra-group transactions to reconcile the segment information with that reported for the Group as a whole.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (In Thousands of Foreign Currencies) (Notes 2 and 5)	Ending Balance (In Thousands of Foreign Currencies) (Notes 2 and 5)	Actual Borrowing Amount (In Thousands of Foreign Currencies) (Note 5)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (In Thousands of Foreign Currencies) (Notes 3, 4 and 5)	Aggregate Financing Limit (In Thousands of Foreign Currencies) (Notes 3, 4 and 5)	Note
													Item	Value			
1	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 285,350	\$ 278,600	\$ 278,600	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 6,071,714	\$ 6,071,714	Note 6
		YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	142,675	139,300	139,300	2.00	Short-term financing	-	Operating capital	-	-	-	6,071,714	6,071,714	Note 6
		YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	428,025	417,900	417,900	2.00	Short-term financing	-	Operating capital	-	-	-	6,071,714	6,071,714	Note 6
2	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	413,594	259,062	104,227	3.25	Short-term financing	-	Operating capital	-	-	-	518,124	518,124	Note 6
3	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,115,487	1,096,493	-	3.25	Short-term financing	-	Operating capital	-	-	-	2,255,250	2,255,250	Note 6
4	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	1,497,345	1,471,848	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,286,279	4,286,279	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,497,345	1,471,848	152,250	3.50	Short-term financing	-	Operating capital	-	-	-	4,286,279	4,286,279	Note 6
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	3,097	3,045	2,806	3.50	Short-term financing	-	Operating capital	-	-	-	4,286,279	4,286,279	Note 6

Note 1: The number column of financing provided to others by Yuen Foong Yu Consumer Products Co., Ltd. and subsidiaries is illustrated as follows:

- The Company is numbered 0.
- The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The balances are the approved amount that could be financed to others, including those not actually borrowed.

Note 3: In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender's net equity of the prior year while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender's net equity of the prior year while individual loans shall not exceed the 40% of the lender's net equity of the prior year. In summary, the total provision of loans due to business dealings and short-term-loans shall not exceed 80% of the lender's net equity of the prior year while individual loans shall not exceed the 80% of the lender's net equity of the prior year.

Note 4: Foreign companies that directly and indirectly hold 100% of the voting shares are not subject to the aforementioned restrictions when engaging in financing provided to others. The total amount of financing loans and individual object limits due to business relationships and the need for short-term financing are limited to no more than twice the net value of the Company at the end of the previous year.

Note 5: The exchange rates are US\$1=\$27.86 and RMB1=\$4.312627 as of June 30, 2021.

Note 6: In preparing the consolidated financial statements, the transaction has been eliminated

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Chung Hwa Pulp Corporation Yuen Foong Shop Co., Ltd.	b.	Purchase	\$ 404,199	24	In agreed terms	\$ -	-	\$ (249,239)	(37)	Note 2
		a.	Sale	(454,085)	(15)	In agreed terms	-	-	196,195	22	
Ever Growing Agriculture Biotech Co., Ltd.	The Company	a.	Sale	(174,267)	(100)	In agreed terms	-	-	134,536	100	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. Guangdong Dingfung Pulp & Paper Co., Ltd.	a.	Sale	(646,734)	(26)	In agreed terms	-	-	113,244	24	Note 2
		b.	Purchase	227,933	11	In agreed terms	-	-	(50,326)	(16)	
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(260,484)	(100)	In agreed terms	-	-	55,003	99	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(905,993)	(91)	In agreed terms	-	-	164,969	88	Note 2

Note 1: a. Parent company and subsidiary.
b. Fellow subsidiaries.
c. Substantive related parties.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Yuen Foong Shop Co., Ltd.	Subsidiary	\$ 196,195	5.00	\$ -	-	\$ 59,541	\$ -
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	113,244	12.64	-	-	113,244	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	164,969	12.93	-	-	164,621	-
Ever Growing Agriculture Biotech Co., Ltd.	The Company	Parent company	134,536	2.37	-	-	34,650	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment and holding.	\$ 3,845,458	\$ 3,845,458	150,013,000	100.0	\$ 3,148,184	\$ 207,409	\$ 207,409	a. and b.
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	235,679	27,331	23,075	a. and b.
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	E-commerce of selling consumer products	55,041	55,041	5,000,000	100.0	76,986	31,908	31,559	a. and b.
	YFY Consumer Products, Co.	United States	E-commerce for intellectual property management and sales of consumer products	-	-	-	100.0	-	-	-	a. and b.
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong	General trade	-	-	-	100.0	-	-	-	a. and b.

Note: a. Subsidiaries.
b. Investments accounted for using the equity method.
c. Refer to Table 5 for information on investments in mainland China.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (In Thousands of Foreign Currencies) (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (In Thousands of Foreign Currencies) (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020 (In Thousands of Foreign Currencies) (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of June 30, 2021
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,203,900 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 2,634,860 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 2,634,860 (US\$ 94,575 thousand)	\$ 198,634 (Note 2,b.)	100.0	\$ 198,634 (Note 2,b.)	\$ 2,214,839	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	835,800 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	3,214 (Note 2,b.)	100.0	3,535 (Note 2,b.)	260,141	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	835,800 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	1,236 (Note 2,b.)	100.0	1,236 (Note 2,b.)	1,135,374	-
Shanghai YFY International Trade Co., Ltd.	General trade	4,569 (US\$ 164 thousand)	Direct investment in mainland China.	4,569 (US\$ 164 thousand)	-	-	4,569 (US\$ 164 thousand)	(62) (Note 2,b.)	100.0	(62) (Note 2,b.)	-	-

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,918,029 (Notes 1 and 4)	\$2,918,029 (Notes 1 and 4)	Note 3

Note 1: The exchange rates are US\$1 = \$27.86 and RMB1 = \$4.312627 as of June 30, 2021.

Note 2: The recognition basis for investment gain (loss) are as follows:

- a. Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
- b. Financial statements reviewed by the ROC CPA firm.
- c. Others.

Note 3: According to Article 3 of the "Principles of Investing or Technical Cooperation in Mainland China" on August 29, 2008, companies approved by the Industrial Development Bureau, MOEA within the scope of operations of the operational headquarters are not subject to the upper limit. The Company is an enterprise that is eligible and is not subject to the aforementioned restrictions

Note 4: The disposal of entire shares of YFY Family Paper (Beijing) Co., Ltd. was completed by the subsidiary YFY Investment Co., Ltd. on August 2020. The sale proceeds have not been remitted back to Taiwan; therefore, the Company has not yet processed the deduction of the accumulated investment amount to the Investment Commission, MOEA.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	The Company	Ever Growing Agriculture Biotech Co., Ltd.	Subsidiary	Sales	\$ 23	By market price	-
				Accounts receivable	23	By market price	-
		Yuen Foong Shop Co., Ltd.	Subsidiary	Sales	454,085	By market price	9.05
				Accounts receivable	196,195	By market price	2.47
		YFY Investment Co., Ltd.	Subsidiary	Sales	2,719	By market price	0.05
2	Ever Growing Agriculture Biotech Co., Ltd.	The Company	Parent company	Sales	174,267	By market price	3.47
				Accounts receivable	134,536	By market price	1.69
3	Yuen Foong Shop Co., Ltd.	The Company	Parent company	Sales	18	By market price	-
				Accounts receivable	2	By market price	-
		Ever Growing Agriculture Biotech Co., Ltd.	Fellow subsidiary	Sales	122	By market price	-
				Accounts receivable	62	By market price	-
4	YFY Investment Co., Ltd.	The Company	Parent company	Sales	4,841	By market price	0.10
				Accounts receivable	4,736	By market price	0.06
		YFY Family Care (Kunshan) Co., Ltd.	Subsidiary	Sales	324	By market price	0.01
				Accounts receivable	95	By market price	-
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	646,734	By market price	12.89
				Accounts receivable	113,244	By market price	1.42
		Shanghai YFY International Trade Co., Ltd.	Fellow subsidiary	Sales	420	By market price	0.01
				Accounts receivable	329	By market price	-
5	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	905,993	By market price	18.06
				Accounts receivable	164,969	By market price	2.08
		YFY Family Care (Kunshan) Co., Ltd.	Fellow subsidiary	Sales	91,000	By market price	1.81
				Accounts receivable	22,611	By market price	0.28
6	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	260,484	By market price	5.19
				Accounts receivable	55,003	By market price	0.69

Note: In preparing the consolidated financial statements, the transaction has been eliminated.