

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

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months ended September 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 September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 10, 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)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,319,785	28	\$ 1,231,266	16	\$ 275,390	4
Financial assets at amortized cost - current (Note 7)	92,966	1	86,564	1	75,318	1
Notes and accounts receivable (Notes 8 and 16)	1,087,775	13	1,190,247	16	1,148,348	15
Accounts receivable from related parties (Notes 16 and 25)	12,004	-	19,754	-	43,878	1
Other receivables from related parties (Note 25)	7,244	-	373	-	265,255	3
Inventories (Note 9)	1,101,081	13	886,063	12	923,259	12
Other current assets (Note 25)	209,746	3	373,087	5	1,085,900	14
Total current assets	4,830,601	58	3,787,354	50	3,817,348	50
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 11 and 25)	3,107,811	37	3,298,154	44	3,326,636	44
Right-of-use assets (Note 12)	299,885	4	306,207	4	317,898	4
Deferred tax assets	18,458	-	21,861	-	21,391	-
Prepayments for equipment	27,985	-	17,567	-	18,994	-
Other non-current assets	107,017	1	110,404	2	110,093	2
Total non-current assets	3,561,156	42	3,754,193	50	3,795,012	50
TOTAL	\$ 8,391,757	100	\$ 7,541,547	100	\$ 7,612,360	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 13)	\$ 557,000	7	\$ 77,000	1	\$ 72,000	1
Short-term bills payable (Note 13)	599,844	7	-	-	-	-
Notes and accounts payable	528,440	6	431,154	6	459,020	6
Accounts payable to related parties (Note 25)	251,646	3	309,786	4	258,492	3
Other payables	845,328	10	1,028,712	14	892,485	12
Other payables to related parties (Note 25)	10,191	-	29,814	-	32,809	-
Current tax liabilities (Note 4)	91,943	1	256,032	3	212,662	3
Lease liabilities - current (Notes 12 and 25)	46,754	1	42,052	1	45,767	1
Other current liabilities (Notes 16 and 25)	82,362	1	65,199	1	57,038	1
Total current liabilities	3,013,508	36	2,239,749	30	2,030,273	27
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 13)	-	-	922,180	12	1,557,000	20
Deferred tax liabilities	57,200	1	57,455	1	57,133	1
Lease liabilities - non-current (Notes 12 and 25)	174,131	2	180,357	2	189,365	2
Net defined benefit liabilities (Notes 4 and 14)	14,603	-	22,047	-	31,134	-
Other non-current liabilities	38,395	-	38,139	1	42,371	1
Total non-current liabilities	284,329	3	1,220,178	16	1,877,003	24
Total liabilities	3,297,837	39	3,459,927	46	3,907,276	51
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)						
Share capital						
Ordinary shares	2,671,290	32	2,449,060	32	2,449,060	32
Capital surplus	1,214,116	14	219,055	3	219,055	3
Retained earnings						
Legal reserve	225,589	3	76,248	1	76,248	1
Special reserve	203,863	2	-	-	-	-
Unappropriated earnings	992,615	12	1,493,408	20	1,139,807	15
Total retained earnings	1,422,067	17	1,569,656	21	1,216,055	16
Other equity	(259,977)	(3)	(203,863)	(3)	(224,434)	(3)
Total equity attributable to owners of the Company	5,047,496	60	4,033,908	53	3,659,736	48
NON-CONTROLLING INTERESTS						
Total equity	46,424	1	47,712	1	45,348	1
TOTAL	\$ 8,391,757	100	\$ 7,541,547	100	\$ 7,612,360	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 September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 16 and 25)	\$ 2,229,763	100	\$ 2,442,288	100	\$ 7,246,952	100	\$ 7,457,885	100
COST OF GOODS SOLD (Notes 9, 17 and 25)	<u>(1,711,049)</u>	<u>(77)</u>	<u>(1,672,237)</u>	<u>(68)</u>	<u>(5,187,016)</u>	<u>(72)</u>	<u>(5,072,431)</u>	<u>(68)</u>
GROSS PROFIT	<u>518,714</u>	<u>23</u>	<u>770,051</u>	<u>32</u>	<u>2,059,936</u>	<u>28</u>	<u>2,385,454</u>	<u>32</u>
OPERATING EXPENSES (Notes 17 and 25)								
Selling and marketing	(223,432)	(10)	(256,045)	(10)	(730,548)	(10)	(827,420)	(11)
General and administrative	(95,392)	(4)	(139,997)	(6)	(320,898)	(4)	(333,839)	(4)
Research and development	<u>(10,713)</u>	<u>(1)</u>	<u>(12,831)</u>	<u>(1)</u>	<u>(36,768)</u>	<u>(1)</u>	<u>(42,128)</u>	<u>(1)</u>
Total operating expenses	<u>(329,537)</u>	<u>(15)</u>	<u>(408,873)</u>	<u>(17)</u>	<u>(1,088,214)</u>	<u>(15)</u>	<u>(1,203,387)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>189,177</u>	<u>8</u>	<u>361,178</u>	<u>15</u>	<u>971,722</u>	<u>13</u>	<u>1,182,067</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Notes 17 and 25)	(3,666)	-	(7,549)	-	(11,327)	-	(24,986)	-
Interest income (Note 25)	6,073	-	2,383	-	18,829	1	7,877	-
Other income (Note 25)	10,783	1	2,304	-	17,640	-	19,921	-
Gain (loss) on disposal of property, plant and equipment	2,121	-	(133,554)	(6)	2,136	-	(134,474)	(2)
Gain on disposal of investments	1,763	-	355,537	15	1,763	-	355,537	5
Other expenses	(2,734)	-	(61,501)	(3)	(3,049)	-	(65,990)	(1)
Foreign exchange (loss) gain (Note 27)	<u>(3,169)</u>	<u>-</u>	<u>42,653</u>	<u>2</u>	<u>4,835</u>	<u>-</u>	<u>9,091</u>	<u>-</u>
Total non-operating income and expenses	<u>11,171</u>	<u>1</u>	<u>200,273</u>	<u>8</u>	<u>30,827</u>	<u>1</u>	<u>166,976</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	200,348	9	561,451	23	1,002,549	14	1,349,043	18
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(41,353)</u>	<u>(2)</u>	<u>(60,081)</u>	<u>(3)</u>	<u>(164,200)</u>	<u>(2)</u>	<u>(198,186)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>158,995</u>	<u>7</u>	<u>501,370</u>	<u>20</u>	<u>838,349</u>	<u>12</u>	<u>1,150,857</u>	<u>16</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 September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER								
COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	\$ (9,139)	-	\$ (36,603)	(1)	\$ (56,114)	(1)	\$ (56,354)	(1)
Equity directly associated with non-current asset or disposal groups held for sale	<u>-</u>	<u>-</u>	<u>32,319</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(9,139)</u>	<u>-</u>	<u>(4,284)</u>	<u>-</u>	<u>(56,114)</u>	<u>(1)</u>	<u>(56,354)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 149,856</u>	<u>7</u>	<u>\$ 497,086</u>	<u>20</u>	<u>\$ 782,235</u>	<u>11</u>	<u>\$ 1,094,503</u>	<u>15</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 156,770	7	\$ 498,912	20	\$ 832,035	12	\$ 1,139,807	16
Non-controlling interests	<u>2,225</u>	<u>-</u>	<u>2,458</u>	<u>-</u>	<u>6,314</u>	<u>-</u>	<u>11,050</u>	<u>-</u>
	<u>\$ 158,995</u>	<u>7</u>	<u>\$ 501,370</u>	<u>20</u>	<u>\$ 838,349</u>	<u>12</u>	<u>\$ 1,150,857</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 147,631	7	\$ 494,628	20	\$ 775,921	11	\$ 1,083,574	15
Non-controlling interests	<u>2,225</u>	<u>-</u>	<u>2,458</u>	<u>-</u>	<u>6,314</u>	<u>-</u>	<u>10,929</u>	<u>-</u>
	<u>\$ 149,856</u>	<u>7</u>	<u>\$ 497,086</u>	<u>20</u>	<u>\$ 782,235</u>	<u>11</u>	<u>\$ 1,094,503</u>	<u>15</u>
EARNINGS PER SHARE (Note 19)								
Basic	<u>\$ 0.64</u>		<u>\$ 2.04</u>		<u>\$ 3.39</u>		<u>\$ 4.70</u>	
Diluted	<u>\$ 0.64</u>		<u>\$ 2.03</u>		<u>\$ 3.39</u>		<u>\$ 4.68</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 15 and 20)										
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Total	Non-controlling Interests (Notes 15 and 20)	Total Equity
	Shares (In Thousands)	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 nine months ended September 30, 2020	-	-	-	-	-	1,139,807	1,139,807	-	1,139,807	11,050	1,150,857
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(56,233)	(56,233)	(121)	(56,354)
Total comprehensive (loss) income for the nine months ended September 30, 2020	-	-	-	-	-	1,139,807	1,139,807	(56,233)	1,083,574	10,929	1,094,503
Differences between equity purchase price and carrying amount from actual acquisition of subsidiary (Note 20)	-	-	4,859	-	-	-	-	-	4,859	(34,900)	(30,041)
Share-based payment transactions	3,270	32,700	62,574	-	-	-	-	-	95,274	108	95,382
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(5,711)	(5,711)
BALANCE AT SEPTEMBER 30, 2020	<u>244,906</u>	<u>\$ 2,449,060</u>	<u>\$ 219,055</u>	<u>\$ 76,248</u>	<u>\$ -</u>	<u>\$ 1,139,807</u>	<u>\$ 1,216,055</u>	<u>\$ (224,434)</u>	<u>\$ 3,659,736</u>	<u>\$ 45,348</u>	<u>\$ 3,705,084</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)
Issuance of ordinary shares for cash	20,717	207,170	924,154	-	-	-	-	-	1,131,324	-	1,131,324
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	832,035	832,035	-	832,035	6,314	838,349
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	-	-	-	(56,114)	(56,114)	-	(56,114)
Total comprehensive (loss) income for the nine months ended September 30, 2021	-	-	-	-	-	832,035	832,035	(56,114)	775,921	6,314	782,235
Share-based payment transactions	1,506	15,060	70,907	-	-	-	-	-	85,967	37	86,004
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,639)	(7,639)
BALANCE AT SEPTEMBER 30, 2021	<u>267,129</u>	<u>\$ 2,671,290</u>	<u>\$ 1,214,116</u>	<u>\$ 225,589</u>	<u>\$ 203,863</u>	<u>\$ 992,615</u>	<u>\$ 1,422,067</u>	<u>\$ (259,977)</u>	<u>\$ 5,047,496</u>	<u>\$ 46,424</u>	<u>\$ 5,093,920</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 Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,002,549	\$ 1,349,043
Adjustments for:		
Depreciation expense	311,587	343,758
Amortization expense	2,139	4,018
Expected credit loss reversed	(708)	(48)
Finance costs	11,327	24,986
Interest income	(18,829)	(7,877)
Share-based compensation expenses	7,692	46,332
(Gain) loss on disposal of property, plant and equipment	(2,136)	134,474
Gain on disposal of investments	(1,763)	(355,537)
(Reversed) write-downs of inventories	(8,316)	5,068
Unrealized loss (gain) on foreign currency exchange	239	(13,558)
Changes in operating assets and liabilities		
Notes and accounts receivable	94,041	57,393
Accounts receivable from related parties	7,563	(76,590)
Other receivables from related parties	(6,947)	(7,882)
Inventories	(214,777)	122,661
Other current assets	155,860	(82,893)
Notes and accounts payable	103,277	35,199
Accounts payable to related parties	(56,770)	4,619
Other payables	(166,144)	(21,300)
Other payables to related parties	(17,082)	588
Other current liabilities	17,588	69,136
Net defined benefit liabilities	(7,443)	(1,070)
Cash generated from operations	1,212,947	1,630,520
Interest received	18,847	7,989
Interest paid	(12,200)	(25,966)
Income tax paid	(325,198)	(141,987)
Net cash generated from operating activities	894,396	1,470,556
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) disposal of financial assets at amortized cost	(17,830)	174,031
Net cash outflow from disposal of subsidiary (Note 22)	(133)	(309)
Payments for property, plant and equipment	(122,137)	(149,968)
Proceeds from disposal of property, plant and equipment	5,540	32,076
Decrease in other receivables from related parties	-	180,529
(Increase) decrease in other non-current assets	(1,877)	10,086
Net cash (used in) generated from investing activities	(136,437)	246,445

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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 Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ 480,000	\$ (753,000)
Increase (decrease) in short-term bills payable	600,000	(200,000)
Repayments of long-term borrowings	(922,180)	(131,000)
(Decrease) increase in other payables to related parties	(2,328)	134
Increase (decrease) in other non-current liabilities	1,808	(3,328)
Repayment of the principal portion of lease liabilities	(35,117)	(47,623)
Distribution of cash dividends	(979,624)	(412,120)
Employee stock options exercised	78,312	49,050
Acquisition of interests in subsidiaries (Note 20)	-	(30,041)
Issuance of ordinary shares for cash	1,131,324	-
Changes in non-controlling interests	(7,639)	(5,711)
Net cash generated from (used in) financing activities	344,556	(1,533,639)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	(13,996)	(21,835)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,088,519	161,527
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	\$ 2,319,785	\$ 275,390

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 NINE MONTHS ENDED SEPTEMBER 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 58.92% of the Company’s shares as of September 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. The Company’s shares ceased to trade on emerging stock market and have been listed on the Taiwan Stock Exchange (TWSE) since September 29, 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 November 10, 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. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 IAS 41 “Agriculture” will be applied prospectively to the fair value measurements 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on 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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
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 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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 4: 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 10, 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.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 1,060	\$ 1,130	\$ 1,056
Checking accounts and demand deposits	1,300,930	461,224	175,334
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	901,795	656,912	-
Repurchase agreements collateralized by bonds	<u>116,000</u>	<u>112,000</u>	<u>99,000</u>
	<u>\$ 2,319,785</u>	<u>\$ 1,231,266</u>	<u>\$ 275,390</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash equivalents	0.20%-2.10%	0.20%-2.03%	0.29%

7. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits with original maturities of more than 3 months and not exceeding 1 year	<u>\$ 92,966</u>	<u>\$ 86,564</u>	<u>\$ 75,318</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, the interest rates for time deposits with original maturities were 0.28%-2.10%, 0.40%-1.40% and 0.73%-2.65%, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable - operating	\$ 47,395	\$ 73,864	\$ 44,964
Accounts receivable - operating	1,041,351	1,120,270	1,106,295
Less: Allowance for impairment loss	<u>(971)</u>	<u>(3,887)</u>	<u>(2,911)</u>
Financial assets at amortized cost	<u>\$ 1,087,775</u>	<u>\$ 1,190,247</u>	<u>\$ 1,148,348</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.

September 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	\$ 1,068,732	\$ 19,674	\$ 45	\$ -	\$ 295	\$ 1,088,746
Loss allowance (Lifetime ECLs)	<u>(195)</u>	<u>(481)</u>	<u>-</u>	<u>-</u>	<u>(295)</u>	<u>(971)</u>
Amortized cost	<u>\$ 1,068,537</u>	<u>\$ 19,193</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087,775</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>

September 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	\$ 1,144,885	\$ 4,127	\$ 11	\$ -	\$ 2,236	\$ 1,151,259
Loss allowance (Lifetime ECLs)	<u>(75)</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>(2,236)</u>	<u>(2,911)</u>
Amortized cost	<u>\$ 1,144,810</u>	<u>\$ 3,527</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148,348</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 3,887	\$ 3,016
Net remeasurement of loss allowance	(708)	(48)
Amounts written off	(2,178)	(41)
Effect of foreign currency exchange differences	<u>(30)</u>	<u>(16)</u>
Balance at September 30	<u>\$ 971</u>	<u>\$ 2,911</u>

9. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished and purchased goods	\$ 488,613	\$ 419,645	\$ 426,146
Work in process	141,369	96,155	115,402
Materials	<u>471,099</u>	<u>370,263</u>	<u>381,711</u>
	<u>\$ 1,101,081</u>	<u>\$ 886,063</u>	<u>\$ 923,259</u>

The cost of goods sold for the three months and the nine months ended September 30, 2021 and 2020 included (reversal of) inventory write-downs of \$7,253 thousand, \$(206) thousand, \$8,316 thousand and \$(5,068) thousand, respectively. Due to the disposal of inventories which were written down, net realizable value of inventory increased.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	September 30, 2021	% of Ownership December 31, 2020	September 30, 2020	Remark
The Company	Yuen Foong Yu Consumer Products Investment Limited	Investment 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	b.
Yuen Foong Yu Consumer Products Investment Limited YFY Investment Co., Ltd.	YFY Investment Co., Ltd.	Investment holding and sale of paper	100.0	100.0	100.0	
	YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	0.0	0.0	0.0	c.
	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	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	0.0	100.0	100.0	d.
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	

- 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 order to expand the US market, the Company established YFY Consumer Produces Co. in January 2021. It was registered on September 30, 2021, but the payment has not yet been realized.
- In response to the changes in the mainland China's market, the Group sold all the equity of YFY Family Paper (Beijing) Co., Ltd. in 2020. The disposal of the subsidiary was completed in August 2020; please refer to Note 22.
- 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. in July 2021. The disposal of the subsidiary was completed in August 2021, please refer to Note 22.
- The financial statements of subsidiaries included in the abovementioned consolidated financial statements are based on the reviewed amounts.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 675,822	\$ 1,339,411	\$ 4,968,579	\$ 554,755	\$ 229,429	\$ 323,221	\$ 180	\$ 8,091,397
Additions	-	6,097	41,965	6,191	6,878	13,741	768	75,640
Disposals	-	(3,341)	(801,480)	(89,430)	(12,126)	(23,900)	-	(930,277)
Disposal of subsidiary	-	(300,928)	(399,904)	(69,492)	(20,762)	(14,677)	-	(805,763)
Effect of foreign currency exchange differences	-	(1,663)	(17,045)	(2,029)	(618)	(579)	-	(21,934)
Transfers from investment properties	-	82,987	-	-	-	-	-	82,987
Reclassifications	-	-	403	-	-	12	(415)	-
Balance at September 30, 2020	<u>\$ 675,822</u>	<u>\$ 1,122,563</u>	<u>\$ 3,792,518</u>	<u>\$ 399,995</u>	<u>\$ 202,801</u>	<u>\$ 297,818</u>	<u>\$ 533</u>	<u>\$ 6,492,050</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, 2020	\$ -	\$ 660,186	\$ 2,563,453	\$ 396,919	\$ 179,314	\$ 267,291	\$ -	\$ 4,607,163
Depreciation expenses	-	41,858	205,035	18,560	11,440	17,558	-	294,451
Disposals	-	(3,179)	(642,890)	(85,732)	(8,759)	(23,167)	-	(763,727)
Disposal of subsidiary	-	(159,218)	(197,919)	(54,393)	(18,297)	(13,961)	-	(443,788)
Effect of foreign currency exchange differences	-	(995)	(9,178)	(1,648)	(484)	(507)	-	(12,812)
Transfers from investment properties	-	24,127	-	-	-	-	-	24,127
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 562,779</u>	<u>\$ 1,918,501</u>	<u>\$ 273,706</u>	<u>\$ 163,214</u>	<u>\$ 247,214</u>	<u>\$ -</u>	<u>\$ 3,165,414</u>
Carrying amounts at September 30, 2020	<u>\$ 675,822</u>	<u>\$ 559,784</u>	<u>\$ 1,874,017</u>	<u>\$ 126,289</u>	<u>\$ 39,587</u>	<u>\$ 50,604</u>	<u>\$ 533</u>	<u>\$ 3,326,636</u>
<u>Cost</u>								
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	-	2,280	57,301	6,675	15,122	21,080	1,865	104,323
Disposals	-	(4,009)	(53,191)	(1,340)	(6,736)	(15,922)	-	(81,198)
Effect of foreign currency exchange differences	-	(4,969)	(32,545)	(3,928)	(1,598)	(1,331)	69	(44,302)
Reclassifications	-	(327)	2,045	(68)	9	2,125	(3,784)	-
Balance at September 30, 2021	<u>\$ 675,822</u>	<u>\$ 1,123,624</u>	<u>\$ 3,836,418</u>	<u>\$ 410,146</u>	<u>\$ 213,561</u>	<u>\$ 307,808</u>	<u>\$ 181</u>	<u>\$ 6,567,560</u>
<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	-	34,993	191,062	18,476	10,503	18,009	-	273,043
Disposals	-	(4,009)	(49,855)	(1,340)	(6,719)	(15,871)	-	(77,794)
Effect of foreign currency exchange differences	-	(3,309)	(17,113)	(3,262)	(1,320)	(1,079)	-	(26,083)
Reclassifications	-	(231)	(63)	(68)	9	353	-	-
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 606,157</u>	<u>\$ 2,131,114</u>	<u>\$ 297,675</u>	<u>\$ 170,395</u>	<u>\$ 254,408</u>	<u>\$ -</u>	<u>\$ 3,459,749</u>
Carrying amounts at January 1, 2021	<u>\$ 675,822</u>	<u>\$ 551,936</u>	<u>\$ 1,855,725</u>	<u>\$ 124,938</u>	<u>\$ 38,842</u>	<u>\$ 48,860</u>	<u>\$ 2,031</u>	<u>\$ 3,298,154</u>
Carrying amounts at September 30, 2021	<u>\$ 675,822</u>	<u>\$ 517,467</u>	<u>\$ 1,705,304</u>	<u>\$ 112,471</u>	<u>\$ 43,166</u>	<u>\$ 53,400</u>	<u>\$ 181</u>	<u>\$ 3,107,811</u>

(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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 112,958	\$ 120,683	\$ 121,019
Buildings	163,745	181,802	193,264
Office equipment	<u>23,182</u>	<u>3,722</u>	<u>3,615</u>
	<u>\$ 299,885</u>	<u>\$ 306,207</u>	<u>\$ 317,898</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Additions to right-of-use assets	\$ <u>19,497</u>	\$ <u>873</u>	\$ <u>33,666</u>	\$ <u>1,258</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,120	\$ 2,112	\$ 6,377	\$ 6,634
Buildings	10,617	12,534	29,691	40,214
Office equipment	<u>806</u>	<u>841</u>	<u>2,476</u>	<u>2,459</u>
	\$ <u>13,543</u>	\$ <u>15,487</u>	\$ <u>38,544</u>	\$ <u>49,307</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 nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ <u>46,754</u>	\$ <u>42,052</u>	\$ <u>45,767</u>
Non-current	\$ <u>174,131</u>	\$ <u>180,357</u>	\$ <u>189,365</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 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%	1.05%-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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases and low-value asset leases	\$ 25,817	\$ 24,952	\$ 81,437	\$ 59,409
Total cash outflow for leases	\$ 38,154	\$ 41,611	\$ 118,292	\$ 109,187

13. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Bank credit loans	\$ 557,000	\$ 77,000	\$ 72,000

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

b. Short-term bills payable

	September 30, 2021	December 31, 2020	September 30, 2020
Short-term bills payable	\$ 600,000	\$ -	\$ -
Less: Discounts on short-term bills payable	(156)	-	-
	\$ 599,844	\$ -	\$ -

The discount rate for short-term bills payable with original maturities less than one year as of September 30, 2021 was 0.72%-0.82%.

c. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Bank credit loans	\$ -	\$ 922,180	\$ 1,557,000

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

14. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect of the Group's defined benefit plans for the three months and the nine months ended September 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 \$917 thousand, \$900 thousand, \$2,749 thousand and \$2,702 thousand, respectively.

15. EQUITY

a. Ordinary shares

	September 30, 2021	December 31, 2020	September 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>267,129</u>	<u>244,906</u>	<u>244,906</u>
Shares issued	<u>\$ 2,671,290</u>	<u>\$ 2,449,060</u>	<u>\$ 2,449,060</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 with a par value of \$10 and 10% of the shares are for employee stock subscription in accordance with the laws and regulations. The subscription base date was September 28, 2021. The exercise prices of the shares consist of the weighted average bid price for competitive auction of \$55.38 per share, the price of shares for public and the price of shares for employee stock subscription of \$52 per share. The Company had collected the above proceeds amounting to \$1,209,636 thousand. The transaction was approved by the Taiwan Stock Exchange Corporation on July 8, 2021. The total paid-in capital after the capital increase was \$2,671,290 thousand and was registered on October 22, 2021.

b. Capital surplus

	Differences Between Equity Purchase Price and Carrying Amount from Actual Acquisition or Disposal of Subsidiary (1)	Share Premium	Employee Shares Option	Others	Total
		(1)	(2)	(3)	
Balance at January 1, 2020	\$ 151,622	\$ -	\$ -	\$ -	\$ 151,622
Difference between purchase price and the carrying amount of Yuen Foong Shop Co., Ltd.	4,859	-	-	-	4,859
Employee share options granted	-	(1,144)	47,368	-	46,224
Employee share options exercised	-	63,003	(46,653)	-	16,350
Employee share options expired	-	-	(715)	715	-
Balance at September 30, 2020	<u>\$ 156,481</u>	<u>\$ 61,859</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 219,055</u>
Balance at January 1, 2021	\$ 156,481	\$ 61,859	\$ -	\$ 715	\$ 219,055
Issuance of ordinary shares for cash	-	924,154	-	-	924,154
Employee share options granted	-	-	7,655	-	7,655
Employee share options exercised	-	68,435	(5,183)	-	63,252
Employee share options expired	-	-	(2,472)	2,472	-
Balance at September 30, 2021	<u>\$ 156,481</u>	<u>\$1,054,448</u>	<u>\$ -</u>	<u>\$ 3,187</u>	<u>\$ 1,214,116</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 may not be used for any purpose.
 - 3) 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 17(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.

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

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	\$ 46,468
Cash dividends	<u>\$ 412,120</u>
Cash dividends per share (NT\$)	<u>\$ 1.71</u>

The appropriations of earnings for 2020 were approved by the Company's shareholders' meetings on July 26, 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>

Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 47,712	\$ 74,922
Attributable to non-controlling interests:		
Share of profit for the year	6,314	11,050
Exchange differences on translation of foreign financial statements	-	(121)
Equity transactions with non-controlling interests (Note 20)	-	(34,900)
Adjustment to non-controlling interests recognized on employee share options granted to subsidiaries	37	108
Adjustment to non-controlling interests recognized on the issue of employee share options by subsidiaries	-	(61)
Dividends paid by subsidiaries	<u>(7,639)</u>	<u>(5,650)</u>
Balance at September 30	<u>\$ 46,424</u>	<u>\$ 45,348</u>

16. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers - sale of goods	<u>\$ 2,229,763</u>	<u>\$ 2,442,288</u>	<u>\$ 7,246,952</u>	<u>\$ 7,457,885</u>

Contract Balances

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,099,779</u>	<u>\$ 1,210,001</u>	<u>\$ 1,192,226</u>
Contract liabilities - sale of goods (under other current liabilities)	<u>\$ 47,153</u>	<u>\$ 11,431</u>	<u>\$ 11,092</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers - sale of goods	<u>\$ 760</u>	<u>\$ 443</u>	<u>\$ 10,535</u>	<u>\$ 5,090</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.

17. NET PROFIT

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 3,112	\$ 6,883	\$ 9,641	\$ 22,846
Interest on bank loans	574	674	1,738	2,155
Less: Capitalization amount of interest	<u>(20)</u>	<u>(8)</u>	<u>(52)</u>	<u>(15)</u>
	<u>\$ 3,666</u>	<u>\$ 7,549</u>	<u>\$ 11,327</u>	<u>\$ 24,986</u>

Information about capitalized interest was as follows:

	For the Nine Months Ended September 30	
	2021	2020
Capitalization interest rate	0.81%-1.09%	0.86%-1.21%

b. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Right-of-use assets	\$ 13,543	\$ 15,487	\$ 38,544	\$ 49,307
Property, plant and equipment	91,331	91,723	273,043	294,451
Other non-current assets	<u>678</u>	<u>818</u>	<u>2,139</u>	<u>4,018</u>
	<u>\$ 105,552</u>	<u>\$ 108,028</u>	<u>\$ 313,726</u>	<u>\$ 347,776</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 87,261	\$ 88,537	\$ 261,362	\$ 284,188
Operating expenses	<u>17,613</u>	<u>18,673</u>	<u>50,225</u>	<u>59,570</u>
	<u>\$ 104,874</u>	<u>\$ 107,210</u>	<u>\$ 311,587</u>	<u>\$ 343,758</u>
An analysis of amortization by function				
Operating costs	\$ 27	\$ 69	\$ 140	\$ 1,727
Operating expenses	<u>651</u>	<u>749</u>	<u>1,999</u>	<u>2,291</u>
	<u>\$ 678</u>	<u>\$ 818</u>	<u>\$ 2,139</u>	<u>\$ 4,018</u>

(Concluded)

c. Employee benefit expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Post-employment benefits				
Defined contribution plans	\$ 7,106	\$ 6,833	\$ 21,070	\$ 20,064
Defined benefit plans (Note 14)	<u>917</u>	<u>900</u>	<u>2,749</u>	<u>2,702</u>
	8,023	7,733	23,819	22,766
Other employee benefits	<u>276,820</u>	<u>317,152</u>	<u>862,348</u>	<u>866,545</u>
Total employee benefits expense	<u>\$ 284,843</u>	<u>\$ 324,885</u>	<u>\$ 886,167</u>	<u>\$ 889,311</u>
An analysis of amortization by function				
Operating costs	\$ 136,897	\$ 141,189	\$ 436,654	\$ 417,487
Operating expenses	<u>147,946</u>	<u>183,696</u>	<u>449,513</u>	<u>471,824</u>
	<u>\$ 284,843</u>	<u>\$ 324,885</u>	<u>\$ 886,167</u>	<u>\$ 889,311</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 nine months ended September 30, 2021 and 2020 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Amount</u>				
Compensation of employees	\$ 2,291	\$ 4,956	\$ 10,917	\$ 10,920
Remuneration of directors	2,789	-	9,375	-

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.

18. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax	\$ 39,248	\$ 56,287	\$ 161,052	\$ 190,341
Deferred tax	<u>2,105</u>	<u>3,794</u>	<u>3,148</u>	<u>7,845</u>
Income tax expense recognized in profit or loss	<u>\$ 41,353</u>	<u>\$ 60,081</u>	<u>\$ 164,200</u>	<u>\$ 198,186</u>

b. The tax filings of the Company through 2017 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.

19. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share (NT\$)	<u>\$ 0.64</u>	<u>\$ 2.04</u>	<u>\$ 3.39</u>	<u>\$ 4.70</u>
Diluted earnings per share (NT\$)	<u>\$ 0.64</u>	<u>\$ 2.03</u>	<u>\$ 3.39</u>	<u>\$ 4.68</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Profit for the period attributable to owners of the Company	<u>\$ 156,770</u>	<u>\$ 498,912</u>	<u>\$ 832,035</u>	<u>\$ 1,139,807</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	245,631	244,373	245,150	242,555
Effects of potentially dilutive ordinary shares:				
Employee share options	23	88	8	30
Compensation of employees	<u>204</u>	<u>731</u>	<u>423</u>	<u>871</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>245,858</u>	<u>245,192</u>	<u>245,581</u>	<u>243,456</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.

20. 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>

21. SHARE-BASED PAYMENT ARRANGEMENTS

- a. The board of directors resolved to issue 3,320 units of employee share options to employees who met specific requirements on July 10, 2020. The granted employee share options comprised of 2,060 units for the Company's employees, 1,180 units for subsidiaries' employees, and 80 units for the parent company's employees. Each unit of the options entitles the holder to subscribe for 1,000 ordinary shares with the exercise price of \$15 per share. The eligible participants of share options can exercise all share options one day after the grant date.

Information on employee share options issued in July 2020 is as follows:

Employee Share Options	Number of Units	Weighted Average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	3,320	15
Options exercised	(3,270)	15
Options expired	<u>(50)</u>	15
Balance at September 30	<u>-</u>	
Weighted-average fair value of options granted in July 2020	<u>\$ 14.3</u>	

The Group measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

	July 2020
Share price at the grant date	\$29.3
Exercise price	\$15
Expected volatility (%)	45.69
Expected lives (days)	6
Expected dividend yield (%)	-
Risk free interest rate (%)	0.28

The employees' compensation cost recognized on the consolidated statements of comprehensive income was \$46,332 thousand for the nine months ended September 30, 2020.

- b. The board of directors resolved to issue 22,223 thousand ordinary shares on June 24, 2021 and 10% of the shares are for employee stock subscription in accordance with the laws and regulations. The Company granted the right to subscribe for 1,914 thousand ordinary shares to the Company's employees and the right to subscribe for 309 thousand ordinary shares to subsidiaries' employees on September 13, 2021 (the date of specifying the number of shares for employee stock subscription), respectively. The price of 2,223 thousand ordinary shares for employee stock subscription is \$52 per share.

Information on employee share options issued on September 30, 2021 is as follows:

Employee Share Options	Number of Units (In Thousands)	Weighted Average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	2,223	52
Options exercised	(1,506)	52
Options expired	<u>(717)</u>	52
Balance at September 30	<u><u>-</u></u>	
Weighted-average fair value of options granted in September 2021		<u><u>\$ 3.46</u></u>

The Group measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

	September 2021
Share price at the grant date	\$55.29
Exercise price	\$52
Expected volatility (%)	44.85
Expected lives (days)	5
Expected dividend yield (%)	-
Risk free interest rate (%)	0.13

The compensation of employees recognized on the consolidated statement of comprehensive income was \$7,692 thousand for the nine months ended September 30, 2021.

22. DISPOSAL OF SUBSIDIARIES

On July 14, 2021 and June 22, 2020, the Company's board of directors resolved to sell all the equity of Shanghai YFY International Trade Co., Ltd. and YFY Family Paper (Beijing) Co., Ltd., respectively. The disposals were completed in August 2021 and August 2020, respectively.

a. Consideration received from disposals

	Shanghai YFY International Trade Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.
Consideration received in cash	\$ 87	\$ 773,734
Disposal expense	<u>(1)</u>	<u>(24,081)</u>
Total consideration received	<u>\$ 86</u>	<u>\$ 749,653</u>

b. Analysis of assets and liabilities on the date control was lost

	Shanghai YFY International Trade Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.
Current assets		
Cash and cash equivalents	\$ 219	\$ 309
Accounts receivable	2,098	52,346
Other receivables from related parties	-	4,283
Inventories	-	1,668
Other current assets	6,565	42,975
Non-current assets		
Property, plant and equipment	-	361,975
Right-of-use assets	-	21,640
Other non-current assets	472	914
Current liabilities		
Notes and accounts payable	-	(2)
Accounts payable to related parties	(3,696)	(8)
Other payables, others	(7,091)	(37,324)
Other current liabilities	<u>(8)</u>	<u>(37,492)</u>
Net assets disposed of	<u>\$ (1,441)</u>	<u>\$ 411,284</u>

c. Gain on disposal of subsidiary

	Shanghai YFY International Trade Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.
Consideration received	\$ 87	\$ 773,734
Disposal expense	(1)	(24,081)
Net assets disposed of	1,441	(411,284)
Cumulative exchange difference on net assets of the subsidiary reclassified from equity to profit or loss due to loss of control of the subsidiary	236	19,880
Net exchange difference	<u>-</u>	<u>(2,712)</u>
Gain on disposals	<u>\$ 1,763</u>	<u>\$ 355,537</u>

d. Net cash outflow on disposals of subsidiary

	Shanghai YFY International Trade Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.
Consideration received in cash and cash equivalents	\$ 86	\$ 749,653
Less: Sales proceeds receivable (accounted for as other current assets)	-	(749,653)
Less: Cash and cash equivalent balances disposed of	<u>(219)</u>	<u>(309)</u>
	<u>\$ (133)</u>	<u>\$ (309)</u>

23. 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.

24. 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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 3,672,641	\$ 2,701,706	\$ 2,726,854
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	2,830,844	2,836,785	3,314,176

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 Nine Months Ended September 30	
	2021	2020
Profit or loss at 5% variance		
USD	<u>\$ (41,235)</u>	<u>\$ (41,651)</u>
RMB	<u>\$ (765)</u>	<u>\$ 13,650</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:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	<u>\$ 1,110,761</u>	<u>\$ 855,476</u>	<u>\$ 435,723</u>
Financial liabilities	<u>\$ 1,377,729</u>	<u>\$ 1,223,931</u>	<u>\$ 1,866,404</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 1,300,930</u>	<u>\$ 461,224</u>	<u>\$ 175,334</u>
Financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 nine months ended September 30, 2021 and 2020 would have decreased/increased as follows:

	For the Nine Months Ended September 30	
	2021	2020
Increase (decrease)	\$ 976	\$ 132

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 September 30, 2021, December 31, 2020 and September 30, 2020, the Group's unused financing facilities were \$5,880,142 thousand, \$5,927,250 thousand and \$5,322,594 thousand, respectively.

25. 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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 7,104	\$ 2,842	\$ 12,467	\$ 12,929
Substantive related parties	2,622	4,226	7,731	9,512
Parent company	<u>38</u>	<u>38</u>	<u>2,532</u>	<u>1,489</u>
	<u>\$ 9,764</u>	<u>\$ 7,106</u>	<u>\$ 22,730</u>	<u>\$ 23,930</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fellow subsidiaries				
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ 195,954	\$ 155,033	\$ 486,818	\$ 445,656
Chung Hwa Pulp Corporation	152,035	103,512	571,392	296,435
Others	<u>35,287</u>	<u>50,971</u>	<u>142,475</u>	<u>189,083</u>
	383,276	309,516	1,200,685	931,174
Substantive related parties	<u>65</u>	<u>255</u>	<u>649</u>	<u>766</u>
	<u>\$ 383,341</u>	<u>\$ 309,771</u>	<u>\$ 1,201,334</u>	<u>\$ 931,940</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	September 30, 2021	December 31, 2020	September 30, 2020
Fellow subsidiaries	\$ 9,543	\$ 17,791	\$ 40,796
Substantive related parties	2,420	1,960	3,075
Parent company	<u>41</u>	<u>3</u>	<u>7</u>
	<u>\$ 12,004</u>	<u>\$ 19,754</u>	<u>\$ 43,878</u>

The outstanding accounts receivable from related parties are unsecured.

e. Accounts payable to related parties

Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
Fellow subsidiaries			
Chung Hwa Pulp Corporation	\$ 159,535	\$ 125,895	\$ 108,075
Guangdong Dingfung Pulp & Paper Co., Ltd.	37,804	106,132	77,217
Others	<u>54,285</u>	<u>77,727</u>	<u>72,505</u>
	251,624	309,754	257,797
Substantive related parties	<u>22</u>	<u>32</u>	<u>695</u>
	<u>\$ 251,646</u>	<u>\$ 309,786</u>	<u>\$ 258,492</u>

The outstanding accounts payable to related parties are unsecured.

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

Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
Fellow subsidiaries	\$ 7,244	\$ 327	\$ 3,850
Substantive related parties	<u>-</u>	<u>46</u>	<u>-</u>
	<u>\$ 7,244</u>	<u>\$ 373</u>	<u>\$ 3,850</u>

g. Loans to related parties (accounted as other receivables from related parties)

Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
<u>Other receivables</u>			
Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ -	\$ -	\$ 261,405

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Interest income</u>				
Fellow subsidiaries				
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ -	\$ 2,038	\$ -	\$ 6,670

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	September 30, 2021	December 31, 2020	September 30, 2020
Fellow subsidiaries	\$ 8,608	\$ 25,735	\$ 28,983
Substantive related parties	<u>1,583</u>	<u>1,737</u>	<u>1,554</u>
	<u>\$ 10,191</u>	<u>\$ 27,472</u>	<u>\$ 30,537</u>

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

Related Party Category	September 30, 2021	December 31, 2020	September 30, 2020
<u>Other payables</u>			
Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	<u>\$ -</u>	<u>\$ 2,342</u>	<u>\$ 2,272</u>

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Interest paid</u>				
Fellow subsidiaries				
YFY Paper MFG (Yangzhou) Co., Ltd.	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 23</u>	<u>\$ 258</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 Nine Months Ended September 30	
	2021	2020
Fellow subsidiaries	<u>\$ -</u>	<u>\$ 855</u>

k. Disposal of property, plant and equipment

Related Party Category	Proceeds For the Nine Months Ended September 30	
	2021	2020
Fellow subsidiaries	<u>\$ 5</u>	<u>\$ 115</u>

l. Lease arrangements

Lease Liabilities	September 30, 2021		December 31, 2020		September 30, 2020	
	Fellow subsidiaries	\$ 32,138		\$ 36,374		\$ 37,779
Substantive related parties	<u>-</u>		<u>244</u>		<u>974</u>	
	<u>\$ 32,138</u>		<u>\$ 36,618</u>		<u>\$ 38,753</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30			
Interest Paid	2021	2020	2021	2020		
Fellow subsidiaries	\$ 89	\$ 104	\$ 279	\$ 324		
Substantive related parties	<u>-</u>	<u>4</u>	<u>-</u>	<u>21</u>		
	<u>\$ 89</u>	<u>\$ 108</u>	<u>\$ 279</u>	<u>\$ 345</u>		
	For the Three Months Ended September 30		For the Nine Months Ended September 30			
Lease Paid	2021	2020	2021	2020		
Fellow subsidiaries	\$ 9,121	\$ 9,030	\$ 27,588	\$ 27,164		
Substantive related parties	<u>3,083</u>	<u>3,062</u>	<u>9,057</u>	<u>7,107</u>		
	<u>\$ 12,204</u>	<u>\$ 12,092</u>	<u>\$ 36,645</u>	<u>\$ 34,271</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 43,594	\$ 53,815	\$ 171,329	\$ 146,043
Substantive related parties	<u>2,058</u>	<u>3,027</u>	<u>7,144</u>	<u>7,453</u>
	<u>\$ 45,652</u>	<u>\$ 56,842</u>	<u>\$ 178,473</u>	<u>\$ 153,496</u>
Related Party Category	Agency Fees (Accounted as Operating Expenses)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 2,578	\$ 3,017	\$ 6,980	\$ 9,052

Related Party Category	Other Income (Accounted as Non-operating Revenue)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fellow subsidiaries	\$ 2,136	\$ 389	\$ 6,919	\$ 12,079
Substantive related parties	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 2,136</u>	<u>\$ 390</u>	<u>\$ 6,919</u>	<u>\$ 12,080</u>

Related Party Category	Prepayments (Accounted as Other Current Assets)		
	September 30, 2021	December 31, 2020	September 30, 2020
	Fellow subsidiaries	\$ 329	\$ -
Substantive related parties	<u>56</u>	<u>-</u>	<u>10</u>
	<u>\$ 385</u>	<u>\$ -</u>	<u>\$ 338</u>

n. Acquisition of financial assets

Refer to Note 20.

o. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Salaries and benefits	\$ 15,965	\$ 11,303	\$ 48,368
Share based payment	<u>467</u>	<u>26,598</u>	<u>467</u>	<u>26,598</u>
	<u>\$ 16,432</u>	<u>\$ 37,901</u>	<u>\$ 48,835</u>	<u>\$ 64,596</u>

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

26. 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.

27. 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:

	September 30, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 686	27.85	\$ 19,105
RMB	1,634	4.294	7,016
<u>Financial liabilities</u>			
Monetary items			
USD	30,298	27.85	843,799
RMB	5,195	4.294	22,307
	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
	September 30, 2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,462	29.1	\$ 42,544
RMB	63,950	4.269	273,003
<u>Financial liabilities</u>			
Monetary items			
USD	30,088	29.1	875,561
RMB	1	4.269	4

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

Foreign Currency	For the Nine Months Ended September 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	27.85 (USD:NTD)	\$ (42)	29.1 (USD:NTD)	\$ (504)
USD	6.4854 (USD:RMB)	4,722	6.8101 (USD:RMB)	20,489
RMB	4.294 (RMB:NTD)	<u>143</u>	4.269 (RMB:NTD)	<u>(10,894)</u>
		<u>\$ 4,823</u>		<u>\$ 9,091</u>

28. 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:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)
 - The amount of property transactions and the amount of the resultant gains or losses.
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - 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)
 - 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.
- 3) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

29. SEGMENT INFORMATION

Segment revenue and results are as follows:

	Taiwan	Mainland China	Adjustment and Elimination	Total
<u>For the nine months ended September 30, 2021</u>				
Revenue from external customers	<u>\$ 4,713,790</u>	<u>\$ 2,533,162</u>	<u>\$ -</u>	<u>\$ 7,246,952</u>
Revenue from other internal operating segments	<u>\$ 989,337</u>	<u>\$ 2,789,222</u>	<u>\$ (3,778,559)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 802,337</u>	<u>\$ 200,212</u>	<u>\$ -</u>	<u>\$ 1,002,549</u>
<u>For the nine months ended September 30, 2020</u>				
Revenue from external customers	<u>\$ 4,719,170</u>	<u>\$ 2,738,715</u>	<u>\$ -</u>	<u>\$ 7,457,885</u>
Revenue from other internal operating segments	<u>\$ 841,973</u>	<u>\$ 2,938,751</u>	<u>\$ (3,780,724)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 925,227</u>	<u>\$ 423,816</u>	<u>\$ -</u>	<u>\$ 1,349,043</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 NINE MONTHS ENDED SEPTEMBER 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	\$ 278,500	\$ 278,500	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 6,294,108	\$ 6,294,108	Note 6
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	428,025	417,750	417,750	2.00	Short-term financing	-	Operating capital	-	-	-	6,294,108	6,294,108	Note 6
		YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	142,675	139,250	139,250	2.00	Short-term financing	-	Operating capital	-	-	-	6,294,108	6,294,108	Note 6
2	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	413,594	257,959	116,749	3.25	Short-term financing	-	Operating capital	-	-	-	526,321	526,321	Note 6
3	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,115,487	1,091,823	-	3.25	Short-term financing	-	Operating capital	-	-	-	2,261,078	2,261,078	Note 6
4	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	1,497,345	1,465,580	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,410,814	4,410,814	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,497,345	1,465,580	164,022	3.50	Short-term financing	-	Operating capital	-	-	-	4,410,814	4,410,814	Note 6
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	3,462	-	-	-	Short-term financing	-	Operating capital	-	-	-	-	-	Note 7

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=\$27.85 and RMB1=\$4.294261 as of September 30, 2021.

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

Note 7: On July 14, 2021, the subsidiary Yuen Foong Shop Co., Ltd.'s board of directors resolved to sell all the equity of Shanghai YFY International Trade Co., Ltd. The disposal was completed in August 2021.

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 556,291	22	In agreed terms	\$ -	-	\$ (159,535)	(25)	Note 2
		a.	Sale	(715,915)	(16)	In agreed terms	-	-	217,369	24	
Ever Growing Agriculture Biotech Co., Ltd.	The Company	a.	Sale	(268,974)	(100)	In agreed terms	-	-	121,058	100	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. Guangdong Dingfung Pulp & Paper Co., Ltd.	a.	Sale	(948,557)	(27)	In agreed terms	-	-	200,040	39	Note 2
		b.	Purchase	386,045	12	In agreed terms	-	-	(27,009)	(9)	
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(430,985)	(100)	In agreed terms	-	-	62,401	100	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(1,228,866)	(89)	In agreed terms	-	-	150,074	79	Note 2
	YFY Family Care (Kunshan) Co., Ltd.	a.	Sale	(143,649)	(10)	In agreed terms	-	-	32,425	17	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

SEPTEMBER 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	\$ 217,369	4.97	\$ -	-	\$ 67,607	\$ -
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	200,040	8.68	-	-	200,040	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	150,074	12.35	-	-	150,074	-
Ever Growing Agriculture Biotech Co., Ltd.	The Company	Parent company	121,058	2.56	-	-	21,616	-

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 NINE MONTHS ENDED SEPTEMBER 30, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment holding.	\$ 3,845,458	\$ 3,845,458	150,013,000	100.0	\$ 3,130,958	\$ 198,621	\$ 198,621	a. and b.
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	247,970	42,208	35,157	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	100,643	55,440	55,094	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 NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021
					Outward	Inward						
YFY Investment Co., Ltd.	Investment holding and sale of paper	\$ 3,202,750 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 2,633,914 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 2,633,914 (US\$ 94,575 thousand)	\$ 185,512 (Note 2,b.)	100.0	\$ 185,512 (Note 2,b.)	\$ 2,193,614	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	835,500 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	7,859 (Note 2,b.)	100.0	8,338 (Note 2,b.)	263,801	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	835,500 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	(23,794) (Note 2,b.)	100.0	(23,794) (Note 2,b.)	1,105,767	-
Shanghai YFY International Trade Co., Ltd.	General trade	4,567 (US\$ 164 thousand)	Direct investment in mainland China.	4,567 (US\$ 164 thousand)	-	4,567 (US\$ 164 thousand)	-	666 (Note 2,b.)	0.0	666 (Note 2,b.)	-	-

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,912,414 (Notes 1 and 4)	\$2,912,414 (Note 1)	Note 3

Note 1: The exchange rates are US\$1=\$27.85 and RMB1=\$4.294261 as of September 30, 2021.

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

- Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
- Financial statements reviewed by the ROC CPA firm.
- 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. in 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.

Note 5: On July 14, 2021, the subsidiary Yuen Foong Shop Co., Ltd.'s board of directors resolved to sell all the equity of Shanghai YFY International Trade Co., Ltd. The disposal was completed in August 2021.

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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 715,915 217,369	By market price By market price	9.88 2.59
2	Ever Growing Agriculture Biotech Co., Ltd.	The Company	Parent company	Sales Accounts receivable	268,974 121,058	By market price By market price	3.71 1.44
3	YFY Investment Co., Ltd	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd .	Subsidiary	Sales Accounts receivable	948,557 200,040	By market price By market price	13.09 2.38
4	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd YFY Family Care (Kunshan) Co., Ltd.	Parent company Fellow subsidiary	Sales Accounts receivable Sales	1,228,866 150,074 143,649	By market price By market price By market price	16.96 1.79 1.98
5	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	430,985	By market price	5.95

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

TABLE 7**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	157,404,565	58.92
YFY Paradigm Investment Co., Ltd.	15,704,815	5.87

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.