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

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2022.

Very truly yours,

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

By:

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March 14, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Yuen Foong Yu Consumer Products Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

Valuation of Receivables

The Group has a large number of customers and its notes and accounts receivable are material in amount. When evaluating the impairment of receivables, the management estimated the loss allowance based on the lifetime expected credit loss. The valuation of receivables involves accounting estimates and assumptions determined by the management. Therefore, we considered the valuation of receivables as a key audit matter.

For the disclosures related to receivables, refer to Notes 4, 5 and 8 to the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained the reports of impaired receivables impairment and assessed the reasonableness of the methodology and data used in the reports.

2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.

3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

Other Matter

We have also audited the parent company only financial statements of Yuen Foong Yu Consumer Products Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Jiuan Ye and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

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

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,932,163	23	$ 1,645,437	21
Financial assets at amortized cost - current (Notes 4 and 7)	4,771	-	103,499	1
Notes and accounts receivable (Notes 4, 5, 8 and 16)	1,301,510	16	1,269,329	16
Accounts receivable from related parties (Notes 4, 16 and 24)	6,103	-	3,332	-
Other receivables from related parties (Note 24)	-	-	2,223	-
Inventories (Notes 4 and 9)	1,313,054	16	1,099,668	14
Other current assets (Note 24)	275,798	3	223,512	3
Total current assets	4,833,399	58	4,347,000	55
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11, 17 and 24)	3,040,224	37	3,114,280	39
Right-of-use assets (Notes 4, 12 and 17)	326,666	4	318,635	4
Deferred tax assets (Notes 4 and 18)	17,293	-	23,013	-
Other non-current assets	55,490	1	140,739	2
Total non-current assets	3,439,673	42	3,596,667	45
TOTAL ASSETS	$ 8,273,072	100	$ 7,943,667	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 268,000	3	$ 37,000	-
Short-term bills payable (Note 13)	-	-	149,990	2
Notes and accounts payable	659,405	8	492,114	6
Accounts payable to related parties (Note 24)	267,732	3	236,683	3
Other payables	898,974	11	982,708	12
Other payables to related parties (Note 24)	44,379	-	47,114	1
Current tax liabilities (Notes 4 and 18)	150,355	2	148,399	2
Lease liabilities - current (Notes 4, 12 and 24)	58,672	1	51,296	1
Other current liabilities (Note 16)	84,523	1	98,526	1
Total current liabilities	2,432,040	29	2,243,830	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 13)	198,620	3	57,900	1
Deferred tax liabilities (Notes 4 and 18)	57,133	1	57,146	1
Lease liabilities - non-current (Notes 4, 12 and 24)	190,176	2	187,322	2
Net defined benefit liabilities (Notes 4 and 14)	940	-	16,679	-
Other non-current liabilities	25,732	-	38,203	1
Total non-current liabilities	472,601	6	357,250	5
Total liabilities	2,904,641	35	2,601,080	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 15)				
Share capital				
Ordinary shares	2,671,290	32	2,671,290	34
Capital surplus	1,214,116	15	1,214,116	15
Retained earnings				
Legal reserve	331,631	4	225,589	3
Special reserve	241,756	3	203,863	3
Unappropriated earnings	963,930	11	1,220,998	15
Total retained earnings	1,537,317	18	1,650,450	21
Other equity	(102,683)	(1)	(241,756)	(3)
Total equity attributable to owners of the Company	5,320,040	64	5,294,100	67
NON-CONTROLLING INTERESTS	48,391	1	48,487	-
Total equity	5,368,431	65	5,342,587	67
TOTAL LIABILITIES AND EQUITY	$ 8,273,072	100	$ 7,943,667	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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 16 and 24)	$ 10,124,589	100	$ 9,890,353	100
COST OF GOODS SOLD (Notes 4, 9, 14, 17 and 24)	(7,913,263)	(78)	(7,209,860)	(73)
GROSS PROFIT	2,211,326	22	2,680,493	27
OPERATING EXPENSES (Notes 4, 14, 17 and 24)				
Selling and marketing	(935,336)	(9)	(1,007,676)	(10)
General and administrative	(336,816)	(3)	(388,004)	(4)
Research and development	(42,982)	(1)	(47,548)	-
Total operating expenses	(1,315,134)	(13)	(1,443,228)	(14)
PROFIT FROM OPERATIONS	896,192	9	1,237,265	13
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 4, 17 and 24)	(8,679)	-	(14,632)	-
Interest income (Note 4)	33,729	-	24,664	-
Other income (Note 24)	36,118	-	20,672	-
Gain on disposal of property, plant and equipment (Note 4)	729	-	2,294	-
Gain on disposal of investments (Note 21)	-	-	1,763	-
Other expenses (Note 11)	(1,028)	-	(3,605)	-
Foreign exchange (loss) gain (Notes 4 and 26)	(44,651)	-	18,851	-
Total non-operating income and expenses	16,218	-	50,007	-
PROFIT BEFORE INCOME TAX	912,410	9	1,287,272	13
INCOME TAX EXPENSE (Notes 4 and 18)	(222,903)	(2)	(216,575)	(2)
NET PROFIT FOR THE YEAR	689,507	7	1,070,697	11

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 14)	$ 7,917	-	$ (2,310)	-
Tax effect of items that will not be reclassified (Notes 4 and 18)	(1,583)	-	462	-
	6,334	-	(1,848)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	139,073	1	(37,893)	(1)
Other comprehensive income (loss) for the year, net of income tax	145,407	1	(39,741)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 834,914	8	$ 1,030,956	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 681,920	7	$ 1,062,266	11
Non-controlling interests	7,587	-	8,431	-
	$ 689,507	7	$ 1,070,697	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 827,327	8	$ 1,022,525	10
Non-controlling interests	7,587	-	8,431	-
	$ 834,914	8	$ 1,030,956	10
EARNINGS PER SHARE (Note 19)				
Basic	$ 2.55		$ 4.24	
Diluted	$ 2.55		$ 4.23	

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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 4 and 15)										
	Share Capital			Retained Earnings				Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Total	Non-controlling Interests (Notes 15)	Total Equity
BALANCE AT JANUARY 1, 2021	244,906	$ 2,449,060	$ 219,055	$ 76,248	$ -	$ 1,493,408	$ 1,569,656	$ (203,863)	$ 4,033,908	$ 47,712	$ 4,081,620
Appropriation of 2020 earnings											
Legal reserve	-	-	-	149,341	-	(149,341)	-	-	-	-	-
Special reserve	-	-	-	-	203,863	(203,863)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(979,624)	(979,624)	-	(979,624)	-	(979,624)
Net income for the year ended December 31, 2021	-	-	-	-	-	1,062,266	1,062,266	-	1,062,266	8,431	1,070,697
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	(1,848)	(1,848)	(37,893)	(39,741)	-	(39,741)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,060,418	1,060,418	(37,893)	1,022,525	8,431	1,030,956
Issuance of ordinary shares for cash	20,717	207,170	924,154	-	-	-	-	-	1,131,324	-	1,131,324
Share-based payment transactions	1,506	15,060	70,907	-	-	-	-	-	85,967	37	86,004
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,693)	(7,693)
BALANCE AT DECEMBER 31, 2021	267,129	2,671,290	1,214,116	225,589	203,863	1,220,998	1,650,450	(241,756)	5,294,100	48,487	5,342,587
Appropriation of 2021 earnings											
Legal reserve	-	-	-	106,042	-	(106,042)	-	-	-	-	-
Special reserve	-	-	-	-	37,893	(37,893)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(801,387)	(801,387)	-	(801,387)	-	(801,387)
Net income for the year ended December 31, 2022	-	-	-	-	-	681,920	681,920	-	681,920	7,587	689,507
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	6,334	6,334	139,073	145,407	-	145,407
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	688,254	688,254	139,073	827,327	7,587	834,914
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,683)	(7,683)
BALANCE AT DECEMBER 31, 2022	267,129	$ 2,671,290	$ 1,214,116	$ 331,631	$ 241,756	$ 963,930	$ 1,537,317	$ (102,683)	$ 5,320,040	$ 48,391	$ 5,368,431

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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 912,410	$ 1,287,272
Adjustments for:		
Depreciation expense	432,672	416,934
Amortization expense	458	2,433
Expected credit loss recognized (reversed)	2,185	(784)
Finance costs	8,679	14,632
Interest income	(33,729)	(24,664)
Share-based compensation expenses	-	7,692
Gain on disposal of property, plant and equipment	(729)	(2,294)
Gain on disposal of investments	-	(1,763)
Impairment loss on non-financial assets	-	1,042
(Reversal of write-downs) write-downs of inventories	(8,858)	4,008
Unrealized loss on foreign currency exchange	31	143
Gain from lease modification	-	(30)
Changes in operating assets and liabilities		
Notes and accounts receivable	(27,767)	(84,185)
Accounts receivable from related parties	(2,717)	16,333
Other receivables from related parties	2,271	(1,888)
Inventories	(195,468)	(220,006)
Other current assets	(48,503)	143,498
Notes and accounts payable	166,209	61,690
Accounts payable to related parties	29,688	(68,711)
Other payables	(77,012)	(54,260)
Other payables to related parties	(4,462)	19,760
Other current liabilities	(15,402)	34,027
Net defined benefit liabilities	(7,822)	(7,678)
Cash generated from operations	1,132,134	1,543,201
Interest received	31,753	24,676
Interest paid	(8,461)	(14,704)
Income tax paid	(216,737)	(325,211)
Net cash generated from operating activities	938,689	1,227,962
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (acquisition) of financial assets at amortized cost	106,376	(19,741)
Net cash outflow from disposal of subsidiary (Note 21)	-	(133)
Payments for property, plant and equipment	(292,394)	(189,444)
Proceeds from disposal of property, plant and equipment	3,158	6,018
(Increase) decrease in other non-current assets	85,338	(3,333)
Net cash used in investing activities	(97,522)	(206,633)

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	$ 231,000	$ (40,000)
Increase (decrease) in short-term bills payable	(150,000)	150,000
Proceeds from (repayments of) long-term borrowings	140,720	(864,280)
Decrease in other payables to related parties	-	(2,330)
Repayment of the principal portion of lease liabilities	(55,796)	(49,289)
Increase (decrease) in other non-current liabilities	(12,504)	1,595
Distribution of cash dividends	(801,387)	(979,624)
Issuance of ordinary shares for cash	-	1,131,324
Employee stock options	-	78,312
Changes in non-controlling interests	(7,683)	(7,693)
Net cash used in financing activities	(655,650)	(581,985)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	101,209	(25,173)
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,726	414,171
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,645,437	1,231,266
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,932,163	$ 1,645,437

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

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

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 59.14% of the Company's shares as of December 31, 2022. The Company was renamed as Yuen Foong Yu Consumer Products Co., Ltd. in April 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 Business 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 trading 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 March 14, 2023.

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 a material impact on the Group's accounting policies.

b. New IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are 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 has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.
Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. 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 statements of comprehensive income from the effective date of acquisition or since 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 10, Tables 4 and 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries or those that use currencies different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual or smallest group of cash-generating units on a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets held by the Group are classified as financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including accounts receivable) at the end of each reporting period.

The Group always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Revenue recognition

The Group identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized when the goods are delivered to the customer's specific location and the performance obligation is satisfied because it is the time when customers have obtained control of the promised goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities.

Due to the short-term nature of the receivables from the sale of goods with the immaterial discounted effect, the Group measures them at their original invoice amounts without discounting.

The sale of goods that results in awarded credits for customers under the Group's award scheme is accounted for as a multiple element revenue transaction, and the fair value of the consideration received or receivable is allocated between the goods supplied and the awarded credits granted. The consideration allocated to the awarded credits is measured with reference to their fair value. Such consideration is not recognized as revenue at the time of the initial sale transactions but is deferred and recognized as revenue when the awarded credits are redeemed and the Group's obligations have been fulfilled.

k. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost (the initial measurement of lease liabilities), and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments (fixed payments). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liability with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of a right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

n. Employee share options

1) Employee share options granted to the Group's employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately

2) Employee share options granted to the parent company's employees

The grant by the Company of its share options to the employees of the parent company under equity-settled share-based payment arrangements is treated as a capital distribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as a return of capital surplus - share premium to the parent company, with a corresponding credit to capital surplus - employee share options.

The grant date of issued ordinary shares which are reserved for employees is the date on which the number of shares that the employees can purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income; in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on 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.

Estimated impairment of Receivables

The provision for impairment of receivables is based on assumptions on probability of default and loss given default ratio. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 935	$ 1,026
Checking accounts and demand deposits	592,374	614,455
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	1,302,854	922,956
Repurchase agreements collateralized by bonds	36,000	107,000
	$ 1,932,163	$ 1,645,437

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

	December 31	
	2022	2021
Cash equivalents	1.00%-4.95%	0.26%-2.1%

7. FINANCIAL ASSETS AT AMORTIZED COST-CURRENT

	December 31	
	2022	2021
Time deposits with original maturities between three months and a year	$ 4,771	$ 103,499
The market rate intervals	2.10%-2.20%	0.26%-2.10%

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Notes receivable - operating	$ 72,024	$ 48,207
Accounts receivable - operating	1,232,579	1,222,027
Less: Allowance for impairment loss	(3,093)	(905)
	$ 1,301,510	$ 1,269,329

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

For the 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 by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the GDP forecasts and industry outlook. 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:

December 31, 2022

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	$ 1,289,053	$ 12,376	$ 113	$ -	$ 3,061	$ 1,304,603
Loss allowance (Lifetime ECLs)	(21)	(9)	(2)	-	(3,061)	(3,093)
	$ 1,289,032	$ 12,367	$ 111	$ -	$ -	$ 1,301,510

December 31, 2021

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	$ 1,256,345	$ 10,978	$ 2,613	$ -	$ 298	$ 1,270,234
Loss allowance (Lifetime ECLs)	-	(143)	(464)	-	(298)	(905)
	$ 1,256,345	$ 10,835	$ 2,149	$ -	$ -	$ 1,269,329

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

	2022	2021
Balance at January 1	$ 905	$ 3,887
Net remeasurement of loss allowance (gain on reversal)	2,185	(784)
Amounts written off	-	(2,179)
Foreign currency exchange gains and losses	3	(19)
Balance at December 31	$ 3,093	$ 905

9. INVENTORIES

	December 31	
	2022	2021
Finished and purchased goods	$ 609,153	$ 512,505
Work in process	220,330	168,930
Materials	483,571	418,233
	$ 1,313,054	$ 1,099,668

The cost of goods sold for the years ended December 31, 2022 and 2021 included reversal of inventory write-downs of $8,858 thousand and inventory write-downs of $4,008 thousand, respectively. Due to the disposal of inventories which were written down, the net realizable value of inventory increased.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31 2022	2021	Remark
The Company	Yuen Foong Yu Consumer Products Investment Limited	Investment holding	100.0	100.0	
	Ever Growing Agriculture Bio-tech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	E-commerce of selling consumer products	100.0	100.0	
	YFY Consumer Products, Co.	E-commerce for intellectual property management and sales of consumer products	100.0	100.0	a.
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	-	-	b.
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	

a. In order to expand the US market, the Company established YFY Consumer Products Co. in January 2021. It was registered, but the payment has not yet been realized as of December 31, 2022.

b. 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 21.

c. The financial statements of subsidiaries included in the abovementioned consolidated financial statements are based on the audited amounts.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2022	$ 675,822	$ 1,133,368	$ 3,918,600	$ 417,133	$ 222,066	$ 309,932	$ 2,281	$ 6,679,202
Additions	-	4,496	119,278	49,381	20,169	13,746	77,426	284,469
Disposals	-	(1,779)	(19,898)	(15,062)	(2,955)	(19,296)	-	(58,990)
Effect of foreign currency exchange differences	-	4,767	31,125	3,845	1,560	1,262	49	42,608
Reclassifications	-	-	4,340	-	-	2,693	(7,033)	-
Balance at December 31, 2022	$ 675,822	$ 1,140,852	$ 4,053,445	$ 455,297	$ 240,840	$ 308,337	$ 72,723	$ 6,947,316
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 619,404	$ 2,206,641	$ 305,973	$ 175,349	$ 257,555	$ -	$ 3,564,922
Depreciation expenses	-	46,558	259,697	26,235	18,875	21,997	-	373,362
Disposals	-	(1,778)	(17,983)	(14,899)	(2,928)	(18,973)	-	(56,561)
Effect of foreign currency exchange differences	-	3,195	16,652	3,234	1,266	1,022	-	25,369
Balance at December 31, 2022	$ -	$ 667,379	$ 2,465,007	$ 320,543	$ 192,562	$ 261,601	$ -	$ 3,907,092
Carrying amounts at December 31, 2022	$ 675,822	$ 473,473	$ 1,588,438	$ 134,754	$ 48,278	$ 46,736	$ 72,723	$ 3,040,224

(Continued)

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2021	$ 675,822	$ 1,130,649	$ 3,862,808	$ 408,807	$ 206,764	$ 301,856	$ 2,031	$ 6,588,737
Additions	-	9,712	118,082	11,222	22,844	25,710	3,964	191,534
Disposals	-	(5,022)	(53,470)	(1,525)	(7,005)	(19,292)	-	(86,314)
Effect of foreign currency exchange differences	-	(1,644)	(10,866)	(1,303)	(546)	(469)	73	(14,755)
Reclassifications	-	(327)	2,046	(68)	9	2,127	(3,787)	-
Balance at December 31, 2021	$ 675,822	$ 1,133,368	$ 3,918,600	$ 417,133	$ 222,066	$ 309,932	$ 2,281	$ 6,679,202
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 578,713	$ 2,007,083	$ 283,869	$ 167,922	$ 252,996	$ -	$ 3,290,583
Depreciation expenses	-	46,737	254,182	24,744	14,846	23,783	-	364,292
Disposals	-	(4,738)	(50,132)	(1,525)	(6,985)	(19,210)	-	(82,590)
Impairment loss	-	-	1042	-	-	-	-	1,042
Effect of foreign currency exchange differences	-	(1,077)	(5,471)	(1,047)	(443)	(367)	-	(8,405)
Reclassifications	-	(231)	(63)	(68)	9	353	-	-
Balance at December 31, 2021	$ -	$ 619,404	$ 2,206,641	$ 305,973	$ 175,349	$ 257,555	$ -	$ 3,564,922
Carrying amounts at December 31, 2021	$ 675,822	$ 513,964	$ 1,711,959	$ 111,160	$ 46,717	$ 52,377	$ 2,281	$ 3,114,280

(Concluded)

Certain machinery and electrical equipment in the production department were left unused for a long period. The Group expects that the future economic benefits of these equipments will decrease, resulting in a recoverable amount of $0, which was less than the book value. Therefore, it has recognized impairment loss of $1,042 thousand in 2021. The impairment loss has been included under the item of expenditure in the consolidated statements of comprehensive income.

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

Buildings	3-55 years
Machinery	3-20 years
Electric equipment	3-20 years
Tools	3-16 years
Miscellaneous equipment	3-16 years

The Company's board of directors resolved to purchase paper machines and related production line equipment in response to the market demand and in order to expand the scale of production on June 27, 2022. As of March 14, 2023, the purchase contract approximately amounted to $699,464 thousand was signed and the paid amount of the contract was $98,367 thousand.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Land	$ 104,453	$ 111,725
Buildings	197,900	182,784
Others	24,313	24,126
	$ 326,666	$ 318,635

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 66,063	$ 67,171
Depreciation charge for right-of-use assets		
Land	$ 8,564	$ 8,505
Buildings	44,505	40,356
Others	6,241	3,781
	$ 59,310	$ 52,642

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 58,672	$ 51,296
Non-current	$ 190,176	$ 187,322

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.08%	1.08%
Buildings	0.86%-2.37%	0.98%-2.37%
Others	0.86%-1.13%	0.98%-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 located in mainland China specifies that land 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 Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 110,929	$ 108,569
Total cash outflow for leases	$ 169,176	$ 160,226

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Bank credit loans	$ 268,000	$ 37,000

As of December 31, 2022 and 2021, the interest rates of bank credit loans were 1.65%-1.68% per annum and 0.80%-1.00% per annum, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ -	$ 150,000
Less: Unamortized discounts on bills payable	-	(10)
	$ -	$ 149,990

Short-term bills payable are commercial papers due within one year. The interest rate on these bills payable was 0.81% as of December 31, 2021.

c. Long-term borrowings

	December 31	
	2022	2021
Bank credit loans	$ 198,620	$ 57,900

As of December 31, 2022 and 2021, the interest rates of long-term borrowings were 1.68% per annum and 0.78% per annum, respectively.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Yuen Foong Shop Co., Ltd. and Ever Growing Agriculture Bio-tech Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China. Pension benefits are calculated on the basis of the length of service and average monthly salary of the six months before retirement. The Company contributes 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

As a result of the division of employees transferred from YFY Inc. to the Company, their seniority is calculated by consolidation. Employee pensions are paid by each company's special employee retirement reserve account based on the proportion of their years of service in each company.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 102,023	$ 110,375
Fair value of plan assets	(101,083)	(93,696)
Net defined benefit liabilities	$ 940	$ 16,679

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 115,445	$ (93,398)	$ 22,047
Service cost			
Current service cost	3,564	-	3,564
Net interest expense (income)	556	(455)	101
Recognized in profit or loss	4,120	(455)	3,665
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,206)	(1,206)
Actuarial loss - actuarial assumptions adjustments	434	-	434
Actuarial loss - experience adjustments	3,082	-	3,082
Recognized in other comprehensive income	3,516	(1,206)	2,310
Benefits paid	(12,706)	12,706	-
Contributions from the employer	-	(11,343)	(11,343)
Balance at December 31, 2021	$ 110,375	$ (93,696)	$ 16,679

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 110,375	$ (93,696)	$ 16,679
Service cost			
Current service cost	3,012	-	3,012
Net interest expense (income)	782	(668)	114
Recognized in profit or loss	3,794	(668)	3,126
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,364)	(7,364)
Actuarial gain - actuarial assumptions adjustments	(5,356)	-	(5,356)
Actuarial loss - experience adjustments	4,803	-	4,803
Recognized in other comprehensive income	(553)	(7,364)	(7,917)
Benefits paid	(11,593)	11,593	-
Contributions from the employer	-	(10,948)	(10,948)
Balance at December 31, 2022	$ 102,023	$ (101,083)	$ 940

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.75%	0.75%
Expected rate of salary increase - less than 16 years	1.50%	1.50%
Expected rate of salary increase - more than 16 years	1.00%	1.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.125% increase	$ (634)	$ (743)
0.125% decrease	$ 642	$ 752
Expected rates of salary increase		
0.125% increase	$ 646	$ 749
0.125% decrease	$ (640)	$ (743)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 2,342	$ 3,126
Average duration of the defined benefit obligation	5.1 years	5.5 years

15. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	350,000	350,000
Shares authorized	$ 3,500,000	$ 3,500,000
Number of shares issued and fully paid (in thousands)	267,129	267,129
Shares issued	$ 2,671,290	$ 2,671,290

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

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 reserved 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 offering and the price of shares for employee stock subscription of $52 per share (refer to Note 20 for the details of the compensation of employees recognized on the consolidated statements of comprehensive income). 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, which was registered on October 22, 2021, was $2,671,290 thousand.

b. Capital surplus

	Differences Between Equity Purchase Price and Carrying Amount from Actual Acquisition or Disposal of Equity in Subsidiary (1)	Share Premium (1)	Employee Share Options (2)	Others (1)	Total
Balance at January 1 and December 31, 2022	$ 156,481	$ 1,054,448	$ -	$ 3,187	$ 1,214,116
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 December 31, 2021	$ 156,481	$ 1,054,448	$ -	$ 3,187	$ 1,214,116

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 cannot be used for any purpose.

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 dividends 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 distributed as shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends should be 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, refer to compensation of employees and remuneration of directors in Note 17(d).

Appropriation of earnings to the 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 2021 and 2020, which were approved by the Shareholders Meetings on June 15, 2022 and July 26, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 106,042	$ 149,341
Special reserve	$ 37,893	$ 203,863
Cash dividends	$ 801,387	$ 979,624
Cash dividends per share (NT$)	$ 3	$ 4

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 14, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 68,825
Cash dividends	$ 614,397
Cash dividends per share (NT$)	$ 2.3

The appropriations of earnings for 2022 will be approved by the Shareholders Meeting to be held in June 2023. 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 Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 48,487	$ 47,712
Attributable to non-controlling interests:		
Share of profit for the year	7,587	8,431
Share options granted by the Company to the employees of subsidiaries to adjust non-controlling interests	-	37
Employees' compensation released by subsidiaries to the Company's employees to adjust non-controlling interests	(44)	(54)
Cash dividends to non-controlling interests	(7,639)	(7,639)
Balance at December 31	$ 48,391	$ 48,487

16. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from contracts with customers - sale of goods	$ 10,124,589	$ 9,890,353

Contract Balances

	December 31	
	2022	2021
Notes receivable and accounts receivable (including related parties)	$ 1,307,613	$ 1,272,661
Contract liabilities - sale of goods (under other current liabilities)	$ 46,788	$ 44,158

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

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers - sale of goods	$ 43,164	$ 10,725

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 Year Ended December 31	
	2022	2021
Interest on bank loans	$ 6,735	$ 12,353
Interest on lease liabilities	2,451	2,368
Less: Capitalization amount of interest	(507)	(89)
	$ 8,679	$ 14,632

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalization interest rates	0.80%-1.67%	0.77%-1.09%

b. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Right-of -use assets	$ 59,310	$ 52,642
Property, plant and equipment	373,362	364,292
	$ 432,672	$ 416,934

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 369,714	$ 357,964
Operating expenses	62,958	58,970
	$ 432,672	$ 416,934
An analysis of amortization by function		
Operating costs	$ 215	$ 169
Operating expenses	243	2,264
	$ 458	$ 2,433

(Concluded)

c. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 28,170	$ 28,253
Defined benefit plans	3,126	3,665
	31,296	31,918
Share-based payment		
Equity settled	-	7,692
Other employee benefits	1,103,460	1,140,039
Total employee benefits expense	$ 1,134,756	$ 1,179,649
An analysis of employee benefit expense by function		
Operating costs	$ 569,392	$ 587,057
Operating expenses	565,364	592,592
	$ 1,134,756	$ 1,179,649

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at 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 compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 14, 2023 and March 10, 2022, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	$ 8,805	$ 12,771
Remuneration of directors	8,627	13,500

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the amounts of the compensation and remuneration approved by the Company's board of directors on March 10, 2022 and February 25, 2021, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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 Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ 220,714	$ 213,670
Income tax on unappropriated earnings	5,755	8,029
Adjustments for prior years	(7,807)	(4,092)
	218,662	217,607
Deferred tax		
In respect of the current year	3,760	(1,032)
Adjustments for prior years	481	-
	4,241	(1,032)
Income tax expense recognized in profit or loss	$ 222,903	$ 216,575

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	**2021**
Profit before tax from continuing operations	$ 912,410	$ 1,287,272
Income tax expense calculated at the statutory rate (20%)	$ 182,482	$ 257,454
Permanent differences	35,000	(5,397)
Income tax on unappropriated earnings	5,755	8,029
Adjustments for prior years	(7,326)	(4,092)
Unrecognized loss carryforwards	8,231	(51,024)
Effect of different tax rates of entities in the Group operating in other jurisdictions	(1,239)	11,605
Income tax expense recognized in profit or loss	$ 222,903	$ 216,575

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	**2021**
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ (1,583)	$ 462

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for loss on inventories	$ 17,115	$ (2,060)	$ -	$ 89	$ 15,144
Defined benefit obligation	3,336	(1,564)	(1,583)	-	189
Others	2,562	(630)	-	28	1,960
	$ 23,013	$ (4,254)	$ (1,583)	$ 117	$ 17,293
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 57,133	$ -	$ -	$ -	$ 57,133
Others	13	(13)	-	-	-
	$ 57,146	$ (13)	$ -	$ -	$ 57,133

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for loss on inventories	$ 16,211	$ 934	$ -	$ (30)	$ 17,115
Defined benefit obligation	4,409	(1,535)	462	-	3,336
Others	1,241	1324	-	(3)	2,562
	$ 21,861	$ 723	$ 462	$ (33)	$ 23,013

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 57,133	$ -	$ -	$ -	$ 57,133
Others	322	(309)	-	-	13
	$ 57,455	$ (309)	$ -	$ -	$ 57,146

(Concluded)

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

YFY Investment Co., Ltd.

	December 31 2022	December 31 2021
Loss carryforwards		
Expiry in 2022	$ -	$ 47,108
Expiry in 2023	69,446	68,376
Expiry in 2027	43,167	-
	$ 112,613	$ 115,484

YFY Family Care (Kunshan) Co., Ltd.

	December 31 2022	December 31 2021
Loss carryforwards		
Expiry in 2025	$ 104,726	$ 114,927

e. Income tax assessments

The tax filings of the Company through 2018 and 2020 have been approved by the tax authorities. The tax filings of Yuen Foong Shop Co., Ltd. and Ever Growing Agriculture Bio-tech Co., Ltd. through 2020 have been approved by the tax authorities.

19. EARNINGS PER SHARE

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Basic earnings per share (NT$)	$ 2.55	$ 4.24
Diluted earnings per share (NT$)	$ 2.55	$ 4.23

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the year:

	For the Year Ended December 31	
	2022	**2021**
Profit for the year attributable to owners of the Company	$ 681,920	$ 1,062,266

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

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	267,129	250,690
Effect of potentially dilutive ordinary shares:		
Employee share options	-	6
Compensation of employees	300	411
Weighted average number of ordinary shares used in the computation of diluted earnings per share	267,429	251,107

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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. SHARE-BASED PAYMENT ARRANGEMENTS

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 per share of 2,223 thousand ordinary shares for employee stock subscription is $52.

Information on employee share options 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	(717)	52
Balance at December 31	-	
Weighted-average fair value of options granted in September 2021 (NT$)	$ 3.46	

The Company 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 year ended December 31, 2021.

21. DISPOSAL OF SUBSIDIARIES

On July 14, 2021, the Company's board of directors resolved to sell all the equity of Shanghai YFY International Trade Co., Ltd. The disposals were completed in August 2021.

a. Consideration received from disposals

	Shanghai YFY International Trade Co., Ltd.
Consideration received in cash	$ 87
Disposal expense	(1)
Total consideration received	$ 86

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

	Shanghai YFY International Trade Co., Ltd.
Current assets	
Cash and cash equivalents	$ 219
Accounts receivable	2,098
Other current assets	6,565
Non-current assets	
Other non-current assets	472
Current liabilities	
Accounts payable to related parties	(3,696)
Other payables	(7,091)
Other current liabilities	(8)
Net assets disposed of	$ (1,441)

c. Gain on disposal of subsidiary

	Shanghai YFY International Trade Co., Ltd.
Consideration received	$ 87
Disposal expense	(1)
Net liabilities disposed of	1,441
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
Gain on disposals	$ 1,763

d. Net cash outflow on disposals of subsidiary

	Shanghai YFY International Trade Co., Ltd
Consideration received in cash and cash equivalents	$ 86
Less: Cash and cash equivalent balances disposed of	(219)
	$ (133)

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through consideration of the future operational plan, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Group may pay dividends, issue new shares, etc.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 3,351,404	$ 3,204,103
Financial liabilities		
Financial liabilities at amortized cost (2)	2,362,842	2,041,712

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 assets and other 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 objective 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 market fluctuations 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 in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures. Internal auditors also regularly or irregularly review the compliance of the policy. 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. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

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 rates. The sensitivity analysis included only outstanding foreign 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.

	For the Year Ended December 31	
	2022	**2021**
Profit or loss at 5% variance		
USD	$ 2,289	$ (41,847)
RMB	$ 247	$ 166

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:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 1,343,625	$ 1,133,455
Financial liabilities	$ 715,468	$ 483,508
Cash flow interest rate risk		
Financial assets	$ 590,864	$ 613,535

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

Sensitivity analysis

For the Group's floating interest rate financial assets and 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 years ended December 31, 2022 and 2021 would have increased/decreased as follows:

	For the Year Ended December 31	
	2022	**2021**
Increase/decrease	$ 591	$ 614

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. As 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 as stated in the consolidated balance sheets.

The Group transacts with a large number of unrelated customers in 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 finance 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 December 31, 2022 and 2021, the Group's unused financing facilities were $6,668,779 thousand and $7,291,028 thousand, respectively.

24. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc., which held 59.14% of the ordinary shares of the Company as of December 31, 2022 and 2021.

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

Related Party Name	Related Party Category
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 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

(Continued)

Related Party Name	Related Party Category
Guangdong Dingfung Pulp & Paper Co., Ltd.	Fellow subsidiary
YFY Jupiter US, Inc.	Fellow subsidiary
YFY Development Corp. (formerly as YFY Capital Co., Ltd.)	Fellow subsidiary
Genovella Renewables Inc.	Fellow subsidiary
YFY Jupiter Limited Taiwan Branch (Hong Kong)	Fellow subsidiary
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiary
Kunshan YFY Jupiter Green Packaging Ltd.	Fellow subsidiary
Effion Enertech Co., Ltd.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Inc.	Substantive related party
SinoPac Leasing Corporation	Substantive related party
SinoPac Financial Holdings Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac	Substantive related party
YFY Biotech Co., Ltd.	Substantive related party
YFY BioT echnology (Kunshun) Co., Ltd.	Substantive related party
YFY Green Food (Shanghai) Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Beautone Co., Ltd.	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Hsin-Yi Enterprise Co., Ltd.	Substantive related party
Hsin-Yi Foundation	Substantive related party
SinoPac Securities Corporation	Substantive related party
Taiwan Stock Exchange	Substantive related party
Chen Yu Co., Ltd.	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 Year Ended December 31 2022	2021
Fellow subsidiaries	$ 48,501	$ 14,193
Substantive related parties	10,125	10,259
Parent company	275	2,533
	$ 58,901	$ 26,985

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 Year Ended December 31 2022	2021
Fellow subsidiaries		
Chung Hwa Pulp Corporation	$ 753,927	$ 700,357
Guangdong Dingfung Pulp & Paper Co., Ltd.	379,302	615,145
Others	92,568	180,588
	1,225,797	1,496,090
Substantive related parties	655	1,000
	$ 1,226,452	$ 1,497,090

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	December 31 2022	2021
Fellow subsidiaries		
Guangdong Dingfung Pulp & Paper Co., Ltd.	$ 1,929	$ -
Chung Hwa Pulp Corporation	413	437
Others	1,193	717
	3,535	1,154
Substantive related parties		
Yuen Foong Paper Co., Ltd	1,893	1,817
Others	661	361
	2,554	2,178
Parent company	14	-
	$ 6,103	$ 3,332

The outstanding accounts receivable from related parties are unsecured and no expected credit losses should be recognized after estimating.

e. Accounts payable to related parties

Related Party Category	December 31 2022	2021
Fellow subsidiaries		
Chung Hwa Pulp Corporation	$ 225,434	$ 134,722
YFY Packaging Inc.	12,999	30,646
Guangdong Dingfung Pulp & Paper Co., Ltd.	12,921	47,984
Others	16,376	23,202
	267,730	236,554
Substantive related parties	2	129
	$ 267,732	$ 236,683

The outstanding accounts payable to related parties are unsecured.

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

Related Party Category	December 31 2022	December 31 2021
Fellow subsidiaries		
Guangdong Dingfung Pulp & Paper Co., Ltd.	$ -	$ 2,223

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

Related Party Category	December 31 2022	December 31 2021
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	$ 39,153	$ 42,820
Others	3,404	2,600
	42,557	45,420
Substantive related parties	1,822	1,694
	$ 44,379	$ 47,114

h. Loans from related parties

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest paid		
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	$ -	$ 23

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

i. Acquisitions of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2022	Proceeds For the Year Ended December 31 2021
Fellow subsidiaries	$ 971	$ -

j. Disposals of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2022	Proceeds For the Year Ended December 31 2021
Fellow subsidiaries	$ -	$ 5

k. Lease arrangements

Lease Liabilities	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Fellow subsidiaries		
YFY Packaging Inc.	$ 25,000	$ 30,718

Interest Paid	For the Year Ended December 31 2022	2021
Fellow subsidiaries	$ 303	$ 364

Lease Paid	For the Year Ended December 31 2022	2021
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	$ 35,552	$ 33,233
Others	3,643	3,599
	39,195	36,832
Substantive related parties	12,643	12,140
	$ 51,838	$ 48,972

The lease period, rent and the payment condition for related parties are approximate those with non-related parties.

l. Other transactions with related parties

	Miscellaneous Expenses (Accounted for as Operating Costs and Expenses)	
	For the Year Ended December 31	
Related Party Category	2022	2021
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	$ 329,738	$ 244,190
Others	15,130	14,764
	344,868	258,954
Substantive related parties	10,519	10,475
	$ 355,387	$ 269,429

	Other Income (Accounted for as Non-operating Income)	
	For the Year Ended December 31	
Related Party Category	2022	2021
Fellow subsidiaries		
Guangdong Dingfung Pulp & Paper Co., Ltd.	$ -	$ 6,925

	Prepayments (Accounted for as Other Current Assets)	
	For the Year Ended December 31	
Related Party Category	2022	2021
Fellow subsidiaries	$ 614	$ -
Substantive related parties	44	45
	$ 658	$ 45

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 57,270	$ 66,988
Others	3,069	1,371
	$ 60,339	$ 68,359

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

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Group's subsidiaries, clients and suppliers in certain locations are subject to quarantine and travel restriction policies. The Group considered that there was no significant impact on its overall operations and financial condition. There is no doubt on the Group's ability to continue as a going concern, and no impairment of assets or financing risk recognized.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on 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. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,406	30.71	$ 73,888
RMB	1,122	4.409	4,947
Financial liabilities			
Monetary items			
USD	915	30.71	28,100
Financial assets			
Monetary items			
USD	996	27.68	27,569
RMB	1,434	4.341	6,226
Financial liabilities			
Monetary items			
USD	31,232	27.68	864,502
RMB	669	4.341	2,904

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

	For the Year Ended 2022		For the Year Ended 2021	
Foreign Currency	**Exchange Rate (Foreign Currency: Functional Currency)**	**Net Foreign Exchange Gains (Losses)**	**Exchange Rate (Foreign Currency: Functional Currency)**	**Net Foreign Exchange Gains (Losses)**
USD	30.71 (USD:NTD)	$ 276	27.68 (USD:NTD)	$ (22)
USD	6.965 (USD:RMB)	(45,041)	6.376 (USD:RMB)	18,885
RMB	4.409 (RMB:NTD)	80	4.341 (RMB:NTD)	(34)
		$ (44,685)		$ 18,829

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (None)

4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

11) Information on investees (Table 4)

b. Information on investments in mainland China:

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 2)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 2 and 6)

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

c. 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)

28. SEGMENT INFORMATION

a. Segment revenue and results are as follows:

	Taiwan	Mainland China	Adjustment and Elimination	Total
For the year ended December 31, 2022				
Revenue from external customers	$ 6,827,259	$ 3,297,330	$ -	$ 10,124,589
Revenue from other internal operating segments	$ 1,216,710	$ 5,117,226	$ (6,333,936)	$ -
Segment profit or loss before income tax	$ 997,887	$ (85,477)	$ -	$ 912,410
For the year ended December 31, 2021				
Revenue from external customers	$ 6,476,387	$ 3,413,966	$ -	$ 9,890,353
Revenue from other internal operating segments	$ 1,394,837	$ 3,913,632	$ (5,308,469)	$ -
Segment profit or loss before income tax	$ 1,055,036	$ 232,236	$ -	$ 1,287,272

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

1) Taiwan

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

2) 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 before tax. Revenue and profit between segments have been adjusted; these adjustments include the elimination of intra-segment transactions to reconcile the segment information with that reported for the Group as a whole.

b. Geographical information are as follows:

   The Group operates in two principal geographical areas - Taiwan and mainland China.

   The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31		**Non-current Assets December 31**	
	2022	**2021**	**2022**	**2021**
Taiwan	$ 6,827,259	$ 6,476,387	$ 2,392,119	$ 2,325,298
Mainland China	3,297,330	3,413,966	1,030,261	1,248,356
	$ 10,124,589	$ 9,890,353	$ 3,422,380	$ 3,573,654

c. Information on major customers

   The single customer contributed 10% or more to the Group's revenue for both 2022 and 2021 was as follows:

	For the Year Ended December 31			
	2022		**2021**	
	Amount	**%**	**Amount**	**%**
Company A	$ 2,619,714	25.87	$ 2,198,981	22.23

TABLE 1

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

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Notes 2 and 5)	Ending Balance (Notes 2 and 5)	Actual Borrowing Amount (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 (Notes 3, 4 and 5)	Aggregate Financing Limit (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	$ 294,750	$ -	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 6,417,035	$ 6,417,035	Note 6
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	445,800	-	-	-	Short-term financing	-	Operating capital	-	-	-	6,417,035	6,417,035	Note 6
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	148,600	-	-	-	Short-term financing	-	Operating capital	-	-	-	6,417,035	6,417,035	Note 6
2	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	281,222	281,222	112,457	3.25	Short-term financing	-	Operating capital	-	-	-	562,444	562,444	Note 6
3	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,172,974	1,172,974	34,041	3.25	Short-term financing	-	Operating capital	-	-	-	2,345,949	2,345,949	Note 6
4	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,196,929	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,393,858	4,393,858	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,196,929	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,393,858	4,393,858	Note 6

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

a. The Company is numbered 0.
b. The subsidiaries of the Company are sequentially numbered from 1.

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

Note 3: Based on the provision of loans due to business relationships, the total amount of loans should not exceed 40% of the lender's net equity on the most current financial statements which was audited or reviewed by auditors, and the amount of individual loans should not exceed the total purchases and sales between the lender and the borrower in the prior year. According to the provision of short-term loans, both individual loans and total loans should not exceed 40% of the lender's net equity on the most current financial statements which was audited or reviewed by auditors. In summary, according to the provision of business dealings and short-term financing, both aggregate loans and individual loans should not exceed 80% of the lender's net equity on the most current financial statements which was audited or reviewed by auditors.

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 on the most current financial statements which was audited or reviewed by auditors.

Note 5: The exchange rates were US$1=NT$30.71 and RMB$1=NT$4.409442 as of December 31, 2022.

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

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

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	b.	Purchase	$ 753,927	19	In agreed terms	$ -	-	$ (225,434)	(33)	
	Yuen Foong Shop Co., Ltd.	a.	Sale	(885,362)	(14)	In agreed terms	-	-	151,214	15	Note 2
	Ever Growing Agriculture Bio-tech Co., Ltd.	a.	Purchase	331,217	8	In agreed terms	-	-	(133,987)	(20)	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	a.	Sale	(1,666,388)	(34)	In agreed terms	-	-	134,525	27	Note 2
	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Purchase	320,290	7	In agreed terms	-	-	(12,921)	(3)	
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(638,492)	(100)	In agreed terms	-	-	89,063	100	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(2,514,182)	(89)	In agreed terms	-	-	287,729	87	Note 2
	YFY Family Care (Kunshan) Co., Ltd.	b.	Sale	(295,963)	(11)	In agreed terms	-	-	41,460	13	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
DECEMBER 31, 2022
(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	$ 151,214	5.22	$ -	-	$ 151,214	$ -
Ever Growing Agriculture Bio-tech Co., Ltd.	The Company	Parent company	134,406	2.38	-	-	111,249	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	134,525	13.54	-	-	134,525	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	287,729	9.60	-	-	287,729	-

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

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

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	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	$ 3,207,155	$ (110,636)	$ (110,636)	a. and b.
	Ever Growing Agriculture Bio-tech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	262,273	50,713	41,030	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	99,540	45,898	46,578	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. In preparing the consolidated financial statements, the transaction has been eliminated.
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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Notes 1 and 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	$ 3,531,650 (US$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	$ 2,904,398 (US$ 94,575 thousand)	$ -	$ -	$ 2,904,398 (US$ 94,575 thousand)	$ (135,182) (Note 2,b.)	100.0	$ (135,182) (Note 2,b.)	$ 2,143,475	$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	11,818 (Note 2,b.)	100.0	12,471 (Note 2,b.)	289,708	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	73,435 (Note 2,b.)	100.0	73,435 (Note 2,b.)	1,245,992	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$3,211,498 (Notes 1 and 4)	$3,211,498 (Notes 1 and 4)	(Note 3)

Note 1: The exchange rates were US$1=NT$30.71 and RMB$1=NT$4.409442 as of December 31, 2022.

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

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

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

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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	$ 885,362	By market price	8.74
				Accounts receivable	151,214	By market price	1.83
2	Ever Growing Agriculture Bio-tech Co., Ltd.	The Company	Parent company	Sales	330,545	By market price	3.26
				Accounts receivable	134,406	By market price	1.62
3	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	1,666,388	By market price	16.46
				Accounts receivable	134,525	By market price	1.63
4	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	2,514,182	By market price	24.83
				Accounts receivable	287,729	By market price	3.48
		YFY Family Care (Kunshan) Co., Ltd.	Fellow subsidiary	Sales	295,963	By market price	2.92
5	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	638,492	By market price	6.31
				Accounts receivable	89,063	By market price	1.08

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

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	158,004,565	59.14
YFY Paradigm Investment Co., Ltd.	17,386,815	6.50

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.