

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Yuen Foong Yu Consumer Products Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 10 to the consolidated financial statements, the financial statements for the three months ended March 31, 2023 and 2022 of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$2,124,727 thousand and NT\$2,335,088 thousand, representing 26.86% and 29.47% of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$489,432 thousand and NT\$407,479 thousand, representing 20.20% and 18.26% of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amount of combined comprehensive income of these subsidiaries was NT\$40,262 thousand and NT\$34,467 thousand, representing 33.64% and 9.90% of the consolidated total comprehensive income.

## **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## **Emphasis of Matter**

As disclosed in Note 20 to the accompanying consolidated financial statements, Yuen Foong Shop Company., Ltd. acquired 100% equity of Livebricks Inc. from a fellow subsidiary of YFY Inc. group in the first quarter of 2023. In compliance with the “Comments on IFRS” and Interpretation 2012-301 issued by the Accounting Research and Development Foundation, the acquisition resulted in a joint control restructuring. In the preparation of comparative consolidated financial statements, the acquisition is disclosed as if it had occurred before January 1, 2022 and the Group’s consolidated financial statements for the previous year are restated. Therefore, our review result is not modified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shu-Jiuan Ye and Shio-Ming Shue.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 11, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

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

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited after Restatement)		March 31, 2022 (Reviewed after Restatement)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,637,093	21	\$ 1,932,617	23	\$ 1,817,309	23
Financial assets at amortized cost - current (Note 7)	3,742	-	6,271	-	108,881	1
Notes and accounts receivable (Notes 8 and 16)	1,259,286	16	1,301,510	16	1,214,836	15
Accounts receivable from related parties (Notes 16 and 23)	8,274	-	6,103	-	6,821	-
Inventories (Note 9)	1,318,136	16	1,313,054	16	1,070,523	14
Other current assets (Note 23)	236,086	3	275,847	3	206,847	3
Total current assets	4,462,617	56	4,835,402	58	4,425,217	56
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment (Notes 11, 17 and 23)	3,026,917	39	3,040,224	37	3,098,493	39
Right-of-use assets (Notes 12 and 17)	312,783	4	326,666	4	314,656	4
Deferred tax assets	12,777	-	17,293	-	23,965	-
Net defined benefit assets (Note 4)	7,998	-	-	-	-	-
Other non-current assets	87,789	1	55,490	1	61,894	1
Total non-current assets	3,448,264	44	3,439,673	42	3,499,008	44
<b>TOTAL ASSETS</b>	<b>\$ 7,910,881</b>	<b>100</b>	<b>\$ 8,275,075</b>	<b>100</b>	<b>\$ 7,924,225</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 13)	\$ -	-	\$ 268,000	3	\$ -	-
Notes and accounts payable	534,747	7	659,405	8	560,548	7
Accounts payable to related parties (Note 23)	296,867	4	267,732	3	244,231	3
Other payables	750,552	9	899,057	11	786,868	10
Other payables to related parties (Note 23)	42,027	1	44,379	-	28,875	-
Current tax liabilities	177,987	2	150,355	2	204,568	3
Lease liabilities - current (Notes 12 and 23)	58,329	1	58,672	1	54,113	1
Other current liabilities (Note 16)	78,134	1	84,523	1	68,631	1
Total current liabilities	1,938,643	25	2,432,123	29	1,947,834	25
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 13)	223,800	3	198,620	3	-	-
Deferred tax liabilities	57,139	1	57,133	1	57,133	1
Lease liabilities - non-current (Notes 12 and 23)	177,340	2	190,176	2	178,266	2
Net defined benefit liabilities (Note 4)	-	-	940	-	10,087	-
Other non-current liabilities	25,807	-	25,732	-	38,295	-
Total non-current liabilities	484,086	6	472,601	6	283,781	3
Total liabilities	2,422,729	31	2,904,724	35	2,231,615	28
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)</b>						
Share capital						
Ordinary shares	2,671,290	34	2,671,290	32	2,671,290	34
Capital surplus	1,214,116	15	1,214,116	15	1,214,116	15
Retained earnings						
Legal reserve	331,631	4	331,631	4	225,589	3
Special reserve	241,756	3	241,756	3	203,863	3
Unappropriated earnings	1,080,979	14	963,930	11	1,449,416	18
Total retained earnings	1,654,366	21	1,537,317	18	1,878,868	24
Other equity	(100,959)	(1)	(102,683)	(1)	(123,008)	(2)
Total equity attributable to owners of the Company	5,438,813	69	5,320,040	64	5,641,266	71
<b>EQUITY ATTRIBUTABLE TO FORMER OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL (Notes 4, 10 and 20)</b>						
	-	-	1,920	-	1,891	-
<b>NON-CONTROLLING INTERESTS</b>						
	49,339	-	48,391	1	49,453	1
Total equity	5,488,152	69	5,370,351	65	5,692,610	72
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 7,910,881</b>	<b>100</b>	<b>\$ 8,275,075</b>	<b>100</b>	<b>\$ 7,924,225</b>	<b>100</b>

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET SALES (Notes 16 and 23)	\$ 2,489,525	100	\$ 2,441,619	100
COST OF GOODS SOLD (Notes 9, 17 and 23)	<u>(1,976,128)</u>	<u>(79)</u>	<u>(1,791,397)</u>	<u>(74)</u>
GROSS PROFIT	<u>513,397</u>	<u>21</u>	<u>650,222</u>	<u>26</u>
OPERATING EXPENSES (Notes 17 and 23)				
Selling and marketing	(257,581)	(10)	(272,574)	(11)
General and administrative	(99,653)	(4)	(88,623)	(4)
Research and development	<u>(10,686)</u>	<u>(1)</u>	<u>(11,198)</u>	<u>-</u>
Total operating expenses	<u>(367,920)</u>	<u>(15)</u>	<u>(372,395)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>145,477</u>	<u>6</u>	<u>277,827</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 17 and 23)	(2,689)	-	(2,099)	-
Interest income	14,826	1	5,929	1
Other income (Note 23)	3,876	-	3,357	-
Gain (loss) on disposal of property, plant and equipment	212	-	401	-
Other expenses	(1,106)	-	(315)	-
Foreign exchange gain (loss) (Note 25)	<u>171</u>	<u>-</u>	<u>3,843</u>	<u>-</u>
Total non-operating income and expenses	<u>15,290</u>	<u>1</u>	<u>11,116</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	160,767	7	288,943	12
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(42,811)</u>	<u>(2)</u>	<u>(59,531)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>117,956</u>	<u>5</u>	<u>229,412</u>	<u>9</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
			2022	
	2023		(Reviewed after Restatement)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ 1,724	-	\$ 118,748	5
Other comprehensive income (loss) for the period, net of income tax	<u>1,724</u>	-	<u>118,748</u>	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 119,680</u>	<u>5</u>	<u>\$ 348,160</u>	<u>14</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 117,049	5	\$ 228,418	9
Equity attributable to former owner of business combination under common control (Notes 4, 15 and 20)	(41)	-	28	-
Non-controlling interests	<u>948</u>	-	<u>966</u>	-
	<u>\$ 117,956</u>	<u>5</u>	<u>\$ 229,412</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 118,773	5	\$ 347,166	14
Equity attributable to former owner of business combination under common control (Notes 4, 15 and 20)	(41)	-	28	-
Non-controlling interests	<u>948</u>	-	<u>966</u>	-
	<u>\$ 119,680</u>	<u>5</u>	<u>\$ 348,160</u>	<u>14</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 0.44</u>		<u>\$ 0.86</u>	
Diluted	<u>\$ 0.44</u>		<u>\$ 0.85</u>	

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Note 15)								Equity Attributable to Former Owner of Business Combination Under Common Control (Notes 4, 15 and 20)	Non-controlling Interests (Note 15)	Total Equity	
	Share Capital		Capital Surplus	Retained Earnings				Other Equity				
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements				Total
BALANCE AT JANUARY 1, 2022	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
Retrospective adjustments of equity attributable to former owner due to business combination under common control	-	-	-	-	-	-	-	-	-	1,863	-	1,863
Net profit for the three months ended March 31, 2022	-	-	-	-	-	228,418	228,418	-	228,418	28	966	229,412
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	-	118,748	118,748	-	-	118,748
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	228,418	228,418	118,748	347,166	28	966	348,160
BALANCE AT MARCH 31, 2022	<u>267,129</u>	<u>\$ 2,671,290</u>	<u>\$ 1,214,116</u>	<u>\$ 225,589</u>	<u>\$ 203,863</u>	<u>\$ 1,449,416</u>	<u>\$ 1,878,868</u>	<u>\$ (123,008)</u>	<u>\$ 5,641,266</u>	<u>\$ 1,891</u>	<u>\$ 49,453</u>	<u>\$ 5,692,610</u>
BALANCE AT JANUARY 1, 2023	267,129	\$ 2,671,290	\$ 1,214,116	\$ 331,631	\$ 241,756	\$ 963,930	\$ 1,537,317	\$ (102,683)	\$ 5,320,040	\$ 1,920	\$ 48,391	\$ 5,370,351
Business combination under common control	-	-	-	-	-	-	-	-	-	(1,879)	-	(1,879)
Net profit for the three months ended March 31, 2023	-	-	-	-	-	117,049	117,049	-	117,049	(41)	948	117,956
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	-	1,724	1,724	-	-	1,724
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	117,049	117,049	1,724	118,773	(41)	948	119,680
BALANCE AT MARCH 31, 2023	<u>267,129</u>	<u>\$ 2,671,290</u>	<u>\$ 1,214,116</u>	<u>\$ 331,631</u>	<u>\$ 241,756</u>	<u>\$ 1,080,979</u>	<u>\$ 1,654,366</u>	<u>\$ (100,959)</u>	<u>\$ 5,438,813</u>	<u>\$ -</u>	<u>\$ 49,339</u>	<u>\$ 5,488,152</u>

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	<b>2023</b>	<b>2022</b> <b>(Reviewed after</b> <b>Restatement)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 160,767	\$ 288,943
Adjustments for:		
Depreciation expense	111,156	107,358
Amortization expense	61	96
Expected credit loss recognized (reversed)	(24)	38
Finance costs	2,689	2,099
Interest income	(14,826)	(5,929)
Gain on disposal of property, plant and equipment	(212)	(401)
Write-downs (reversal of write-downs) of inventories	(13,326)	13,794
Unrealized gain on foreign currency exchange	(359)	(139)
Changes in operating assets and liabilities		
Notes and accounts receivable	44,010	69,575
Accounts receivable from related parties	(2,163)	(3,395)
Inventories	11,244	38,483
Other current assets	42,478	23,351
Notes and accounts payable	(126,118)	63,802
Accounts payable to related parties	29,124	4,684
Other payables	(144,929)	(169,221)
Other payables to related parties	(2,556)	(19,472)
Other current liabilities	(6,427)	(30,808)
Net defined benefit liabilities	(8,938)	(6,592)
Cash generated from operations	81,651	376,266
Interest received	12,624	5,917
Interest paid	(2,835)	(3,394)
Income tax paid	(10,689)	(4,230)
Net cash generated from operating activities	80,751	374,559
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal (acquisition) of financial assets at amortized cost	2,785	(1,101)
Net cash outflow from acquisition of subsidiary under common control	(1,879)	-
Payments for property, plant and equipment	(111,114)	(69,928)
Proceeds from disposal of property, plant and equipment	398	430
(Increase) decrease in other non-current assets	(1,998)	81,968
Net cash generated from (used in) investing activities	(111,808)	11,369

(Continued)



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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	<b>2023</b>	<b>2022</b> <b>(Reviewed after</b> <b>Restatement)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	\$ (268,000)	\$ (37,000)
Decrease in short-term bills payable	-	(150,000)
Proceeds from (repayments of) long-term borrowings	25,180	(57,900)
Increase in other non-current liabilities	66	13
Repayment of the principal portion of lease liabilities	<u>(15,535)</u>	<u>(13,566)</u>
Net cash used in financing activities	<u>(258,289)</u>	<u>(258,453)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(6,178)</u>	<u>43,246</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(295,524)	170,721
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,932,617</u>	<u>1,646,588</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,637,093</u>	<u>\$ 1,817,309</u>

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 March 31, 2023. 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 the 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 have been listed on the Taiwan Stock Exchange (TWSE) since September 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 May 11, 2023.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 17 and IFRS 9 - 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

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

b. Basis of preparation

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated 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. See Note 10, Tables 4 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Business combinations involving entities under common control are not accounted for by the acquisition method but are accounted for at the carrying amounts of the entities. Prior period comparative information in the consolidated financial statements is restated as if a business combination involving entities under common control had already occurred in that period. The acquirer is disclosed as if it had occurred before January 1, 2022, and the Group's financial statements for the period are restated. The equity held by original shareholders is recorded as "equity attributable to former owner of business combination under common control" when preparing the comparative consolidated balance sheet. In the preparation of the consolidated statement of changes in equity, the profit or loss recognized by original shareholders is attributed to "former owners' interests under common control".

e. Other significant accounting policies

Except for other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Taxation

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

For the critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2022.

**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand	\$ 877	\$ 935	\$ 1,675
Checking accounts and demand deposits	243,061	592,828	436,929
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	1,308,155	1,302,854	963,701
Repurchase agreements collateralized by bonds	<u>85,000</u>	<u>36,000</u>	<u>415,004</u>
	<u>\$ 1,637,093</u>	<u>\$ 1,932,617</u>	<u>\$ 1,817,309</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash equivalents	1.15%-4.97%	1.00%-4.95%	0.26%-2.10%

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits with original maturities between three months and a year	\$ <u>3,742</u>	\$ <u>6,271</u>	\$ <u>108,881</u>
The market rate intervals	1.44%-2.20%	1.32%-2.20%	0.26%-2.10%

## 8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable - operating	\$ 62,807	\$ 72,024	\$ 62,609
Accounts receivable - operating	1,199,563	1,232,579	1,153,206
Less: Allowance for impairment loss	<u>(3,084)</u>	<u>(3,093)</u>	<u>(979)</u>
	<u>\$ 1,259,286</u>	<u>\$ 1,301,510</u>	<u>\$ 1,214,836</u>

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.

### March 31, 2023

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,247,968	\$ 11,325	\$ 1	\$ -	\$ 3,076	\$ 1,262,370
Loss allowance (Lifetime ECLs)	<u>(6)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(3,076)</u>	<u>(3,084)</u>
	<u>\$ 1,247,962</u>	<u>\$ 11,323</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259,286</u>

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)	<u>(21)</u>	<u>(9)</u>	<u>(2)</u>	<u>-</u>	<u>(3,061)</u>	<u>(3,093)</u>
	<u>\$ 1,289,032</u>	<u>\$ 12,367</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301,510</u>

March 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	\$ 1,178,977	\$ 32,952	\$ 1,238	\$ 2,494	\$ 154	\$ 1,215,815
Loss allowance (Lifetime ECLs)	<u>(119)</u>	<u>(312)</u>	<u>(61)</u>	<u>(333)</u>	<u>(154)</u>	<u>(979)</u>
	<u>\$ 1,178,858</u>	<u>\$ 32,640</u>	<u>\$ 1,177</u>	<u>\$ 2,161</u>	<u>\$ -</u>	<u>\$ 1,214,836</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,093	\$ 905
Net remeasurement of loss allowance (gain on reversal)	(24)	38
Foreign currency exchange gains and losses	<u>15</u>	<u>36</u>
Balance at March 31	<u>\$ 3,084</u>	<u>\$ 979</u>

**9. INVENTORIES**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Finished and purchased goods	\$ 607,138	\$ 609,153	\$ 442,056
Work in process	205,355	220,330	188,321
Materials	<u>505,643</u>	<u>483,571</u>	<u>440,146</u>
	<u>\$ 1,318,136</u>	<u>\$ 1,313,054</u>	<u>\$ 1,070,523</u>

The cost of goods sold for the three months ended March 31, 2023 and 2022 included reversal of inventory write-downs of \$13,326 thousand and inventory write-downs of \$13,794 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			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Yuen Foong Yu Consumer Products Investment Limited	Investment holding.	100.0	100.0	100.0	
	Ever Growing Agriculture Bio-tech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	E-commerce of selling consumer products	100.0	100.0	100.0	
	YFY Consumer Products, Co.	E-commerce for intellectual property management and sales of consumer products	100.0	100.0	100.0	
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	
	Livebricks Inc.	Information processing service	100.0	0.0	0.0	a.

- a. On March 10, 2023, the Group's board of directors resolved to acquire 100% equity of Livebricks Inc. from a fellow subsidiary of YFY Inc. group through Yuen Foong Shop Co., Ltd. for \$1,879 thousand. The transaction was completed in the first quarter of 2023. In compliance with the "Comments on IFRS" and Interpretation 2012-301 issued by the Accounting Research and Development Foundation, the acquisition resulted in a joint control restructuring. In the preparation of comparative consolidated financial statements, the acquisition is disclosed as if it has occurred before January 1, 2022 and the Group's consolidated financial statements as of and for the three months ended March 31, 2022 are restated, please refer to Note 20 for information.
- b. The financial statements of subsidiaries that were not individually material, including Ever Growing Agriculture Bio-tech Co., Ltd., Yuen Foong Shop Co., Ltd., Livebricks Inc., YFY Consumer Products, Co., YFY Family Care (Kunshan) Co., Ltd., Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd., and Yuen Foong Shop (HK) Limited, have not been reviewed. As of March 31, 2023 and 2022, combined total assets of these subsidiaries were \$2,124,727 thousand and \$2,335,088 thousand, respectively, representing 26.86% and 29.47%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$489,432 thousand and \$407,479 thousand, respectively, representing 20.20% and 18.26%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amount of combined comprehensive income of these subsidiaries were \$40,262 thousand and \$34,467 thousand, respectively, representing 33.64% and 9.90%, respectively, of the consolidated total comprehensive income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 675,822	\$ 1,140,852	\$ 4,053,445	\$ 455,297	\$ 240,840	\$ 310,014	\$ 72,723	\$ 6,948,993
Additions	-	104	12,614	1,503	1,656	927	59,942	76,746
Disposals	-	(1,228)	(17,127)	(300)	(635)	(3,774)	-	(23,064)
Effect of foreign currency exchange differences	-	1,529	10,024	1,161	490	358	-	13,562
Balance at March 31, 2023	<u>\$ 675,822</u>	<u>\$ 1,141,257</u>	<u>\$ 4,058,956</u>	<u>\$ 457,661</u>	<u>\$ 242,351</u>	<u>\$ 307,525</u>	<u>\$ 132,665</u>	<u>\$ 7,016,237</u>

(Continued)

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 667,379	\$ 2,465,007	\$ 320,543	\$ 192,562	\$ 263,278	\$ -	\$ 3,908,769
Depreciation expenses	-	11,608	65,655	6,931	5,156	5,165	-	94,515
Disposals	-	(1,067)	(17,127)	(300)	(634)	(3,750)	-	(22,878)
Effect of foreign currency exchange differences	-	1,070	6,083	1,048	427	286	-	8,914
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 678,990</u>	<u>\$ 2,519,618</u>	<u>\$ 328,222</u>	<u>\$ 197,511</u>	<u>\$ 264,979</u>	<u>\$ -</u>	<u>\$ 3,989,320</u>
Carrying amounts at January 1, 2023	<u>\$ 675,822</u>	<u>\$ 473,473</u>	<u>\$ 1,588,438</u>	<u>\$ 134,754</u>	<u>\$ 48,278</u>	<u>\$ 46,736</u>	<u>\$ 72,723</u>	<u>\$ 3,040,224</u>
Carrying amounts at March 31, 2023	<u>\$ 675,822</u>	<u>\$ 462,267</u>	<u>\$ 1,539,338</u>	<u>\$ 129,439</u>	<u>\$ 44,840</u>	<u>\$ 42,546</u>	<u>\$ 132,665</u>	<u>\$ 3,026,917</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 675,822	\$ 1,133,368	\$ 3,918,600	\$ 417,133	\$ 222,066	\$ 311,609	\$ 2,281	\$ 6,680,879
Additions	-	568	30,860	424	893	1,209	3,545	37,499
Disposals	-	-	(2,615)	(276)	(436)	(6,589)	-	(9,916)
Effect of foreign currency exchange differences	-	11,763	76,919	9,335	3,827	2,974	147	104,965
Reclassifications	-	-	974	-	-	-	(974)	-
Balance at March 31, 2022	<u>\$ 675,822</u>	<u>\$ 1,145,699</u>	<u>\$ 4,024,738</u>	<u>\$ 426,616</u>	<u>\$ 226,350</u>	<u>\$ 309,203</u>	<u>\$ 4,999</u>	<u>\$ 6,813,427</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 619,404	\$ 2,206,641	\$ 305,973	\$ 175,349	\$ 259,232	\$ -	\$ 3,566,599
Depreciation expenses	-	11,822	64,350	6,388	4,644	5,666	-	92,870
Disposals	-	-	(2,611)	(276)	(432)	(6,568)	-	(9,887)
Effect of foreign currency exchange differences	-	8,027	43,611	8,103	3,194	2,417	-	65,352
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 639,253</u>	<u>\$ 2,311,991</u>	<u>\$ 320,188</u>	<u>\$ 182,755</u>	<u>\$ 260,747</u>	<u>\$ -</u>	<u>\$ 3,714,934</u>
Carrying amounts at January 1, 2022	<u>\$ 675,822</u>	<u>\$ 513,964</u>	<u>\$ 1,711,959</u>	<u>\$ 111,160</u>	<u>\$ 46,717</u>	<u>\$ 52,377</u>	<u>\$ 2,281</u>	<u>\$ 3,114,280</u>
Carrying amounts at March 31, 2022	<u>\$ 675,822</u>	<u>\$ 506,446</u>	<u>\$ 1,712,747</u>	<u>\$ 106,428</u>	<u>\$ 43,595</u>	<u>\$ 48,456</u>	<u>\$ 4,999</u>	<u>\$ 3,098,493</u>

(Concluded)

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

Buildings	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 31, 2023, the purchase contract approximately amounted to \$715,745 thousand was signed and the paid amount of the contract was \$118,615 thousand. The Payment will be made according to the progress of the contract.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 102,707	\$ 104,453	\$ 112,720
Buildings	186,799	197,900	177,287
Others	<u>23,277</u>	<u>24,313</u>	<u>24,649</u>
	<u>\$ 312,783</u>	<u>\$ 326,666</u>	<u>\$ 314,656</u>



	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 2,225</u>	<u>\$ 6,304</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,142	\$ 2,137
Buildings	12,825	10,915
Others	<u>1,674</u>	<u>1,436</u>
	<u>\$ 16,641</u>	<u>\$ 14,488</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Carrying amounts</u>			
Current	<u>\$ 58,329</u>	<u>\$ 58,672</u>	<u>\$ 54,113</u>
Non-current	<u>\$ 177,340</u>	<u>\$ 190,176</u>	<u>\$ 178,266</u>

Range of discount rates for lease liabilities was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Land	1.08%	1.08%	1.08%
Buildings	0.86%-2.37%	0.86%-2.37%	0.86%-2.37%
Others	0.86%-1.95%	0.86%-1.13%	0.86%-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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 27,564</u>	<u>\$ 26,426</u>
Total cash outflow for leases	<u>\$ 43,737</u>	<u>\$ 40,641</u>

### 13. BORROWINGS

#### a. Short-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Bank credit loans	\$ <u>          -</u>	\$ <u>268,000</u>	\$ <u>          -</u>

As of December 31, 2022, the interest rates of short-term borrowings was 1.65%-1.68% per annum.

#### b. Long-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Bank credit loans	\$ <u>223,800</u>	\$ <u>198,620</u>	\$ <u>          -</u>
the interest rates of long-term borrowings	1.99%	1.68%	-

### 14. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect of the Group's defined benefit plans for the three months ended March 31, 2023 and 2022 were calculated based on the pension cost rate determined by the actuarial calculation as of December 31, 2022 and 2021, which amounted to \$585 thousand and \$782 thousand, respectively.

### 15. EQUITY

#### a. Ordinary shares

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Shares authorized	\$ <u>3,500,000</u>	\$ <u>3,500,000</u>	\$ <u>3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>267,129</u>	<u>267,129</u>	<u>267,129</u>
Shares issued	\$ <u>2,671,290</u>	\$ <u>2,671,290</u>	\$ <u>2,671,290</u>

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

b. Capital surplus

	<b>Differences Between Equity Purchase Price and Carrying Amount from Actual Acquisition or Disposal of Equity in Subsidiary (1)</b>	<b>Share Premium (1)</b>	<b>Others (1)</b>	<b>Total</b>
Balance at January 1 and March 31, 2023	<u>\$ 156,481</u>	<u>\$ 1,054,448</u>	<u>\$ 3,187</u>	<u>\$ 1,214,116</u>
Balance at January 1 and March 31, 2022	<u>\$ 156,481</u>	<u>\$ 1,054,448</u>	<u>\$ 3,187</u>	<u>\$ 1,214,116</u>

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

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.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 68,825</u>	<u>\$ 106,042</u>
(Reversal) appropriation of special reserve	<u>\$ (139,073)</u>	<u>\$ 37,893</u>
Cash dividends	<u>\$ 614,397</u>	<u>\$ 801,387</u>
Cash dividends per share (NT\$)	<u>\$ 2.3</u>	<u>\$ 3</u>

The aforementioned appropriations of earnings for 2021 were resolved by the shareholders in their meeting on June 15, 2022. The appropriations of earnings for 2022 were proposed by the Company’s board of directors on March 14, 2023, which will be approved by the shareholders in their meeting to be held on June 28, 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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 48,391	\$ 48,487
Attributable to non-controlling interests:		
Share of profit for the period	<u>948</u>	<u>966</u>
Balance at March 31	<u>\$ 49,339</u>	<u>\$ 49,453</u>

e. Equity attributable to former owner of business combination under common control

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,920	\$ 1,863
Net profit attributable to equity attributable to former owner of business combination under common control		
Net profit for the period	(41)	28
Equity attributable to former owner of business combination under common control transferred into owners of the company’s equity	<u>(1,879)</u>	<u>-</u>
Balance at March 31	<u>\$ -</u>	<u>\$ 1,891</u>

## 16. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Sale of goods and rendering of services	<u>\$ 2,489,525</u>	<u>\$ 2,441,619</u>

### Contract Balances

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,267,560</u>	<u>\$ 1,307,613</u>	<u>\$ 1,221,657</u>
Contract liabilities - sale of goods and rendering of services (under other current liabilities)	<u>\$ 46,052</u>	<u>\$ 46,788</u>	<u>\$ 41,493</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers - sale of goods and rendering of services	<u>\$ 41,608</u>	<u>\$ 40,912</u>

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

## 17. NET PROFIT

### a. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 2,456	\$ 1,502
Interest on lease liabilities	638	649
Less: Capitalization amount of interest	<u>(405)</u>	<u>(52)</u>
	<u>\$ 2,689</u>	<u>\$ 2,099</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalization interest rates	1.66%-1.88%	0.80%-0.84%

b. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Right-of-use assets	\$ 16,641	\$ 14,488
Property, plant and equipment	<u>94,515</u>	<u>92,870</u>
Total depreciation expense	<u>\$ 111,156</u>	<u>\$ 107,358</u>
An analysis of depreciation by function		
Operating costs	\$ 93,743	\$ 91,822
Operating expenses	<u>17,413</u>	<u>15,536</u>
	<u>\$ 111,156</u>	<u>\$ 107,358</u>
An analysis of amortization by function		
Operating costs	\$ 6	\$ 29
Operating expenses	<u>55</u>	<u>67</u>
	<u>\$ 61</u>	<u>\$ 96</u>

c. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 7,031	\$ 7,149
Defined benefit plans (Note 14)	<u>585</u>	<u>782</u>
	7,616	7,931
Other employee benefits	<u>288,296</u>	<u>287,795</u>
Total employee benefits expense	<u>\$ 295,912</u>	<u>\$ 295,726</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 147,032	\$ 145,176
Operating expenses	<u>148,880</u>	<u>150,550</u>
	<u>\$ 295,912</u>	<u>\$ 295,726</u>

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 three months ended March 31, 2023 and 2022, respectively, were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Amount</u>		
Compensation of employees	\$ 3,392	\$ 4,110
Remuneration of directors	3,375	3,700

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
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 14, 2023 and March 10, 2022, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax	\$ 38,289	\$ 60,496
Deferred tax	<u>4,522</u>	<u>(965)</u>
Income tax expense recognized in profit or loss	<u>\$ 42,811</u>	<u>\$ 59,531</u>

b. 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. through 2020 have been approved by the tax authorities. The tax filings of Ever Growing Agriculture Bio-tech Co., Ltd. and Livebricks Inc. through 2021 have been approved by the tax authorities.

## 19. EARNINGS PER SHARE

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share (NT\$)	<u>\$ 0.44</u>	<u>\$ 0.86</u>
Diluted earnings per share (NT\$)	<u>\$ 0.44</u>	<u>\$ 0.85</u>

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

**Net profit for the period:**

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Profit for the period attributable to owners of the Company	<u>\$ 117,049</u>	<u>\$ 228,418</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	267,129	267,129
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>282</u>	<u>281</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>267,411</u>	<u>267,410</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be 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. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Reorganization</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Livebricks Inc.	Note 10	The first quarter, 2023	100	<u>\$ 1,879</u>

The acquisition of Livebricks Inc. from YFY Paradigm Investment Co., Ltd. is the Group's operating strategy to continue the expansion of its business activities. So the Group expands its information processing services.

### b. Consideration transferred

	<b>Livebricks Inc.</b>
Cash	<u>\$ 1,879</u>

### c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Livebricks Inc.</b>
Current assets	
Cash and cash equivalents	\$ 393
Financial assets at amortized cost	1,500
Other current assets	49
Current liabilities	<u>(63)</u>
	<u>\$ 1,879</u>

## 21. 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.

## 22. 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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 2,993,884	\$ 3,353,358	\$ 3,234,492
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	1,873,800	2,362,926	1,658,816

- 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 (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, 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. The Group follows the movement of foreign exchange rates and adjusts the exposure position respond to it to minimize the effects of these risk.

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.

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss at 5% variance		
USD	<u>\$ 180</u>	<u>\$ (45,731)</u>
RMB	<u>\$ 119</u>	<u>\$ 173</u>

b) Interest rate risk

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fair value interest rate risk			
Financial assets	<u>\$ 1,396,897</u>	<u>\$ 1,345,125</u>	<u>\$ 1,487,586</u>
Financial liabilities	<u>\$ 459,469</u>	<u>\$ 715,468</u>	<u>\$ 232,379</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 242,400</u>	<u>\$ 591,318</u>	<u>\$ 436,458</u>

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

Sensitivity analysis

For the Group's floating interest rate financial 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 three months ended March 31, 2023 and 2022 would have increased/decreased as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Increase/decrease	\$ 61	\$ 109

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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group's unused financing facilities were \$6,854,958 thousand, \$6,668,779 thousand and \$7,866,028 thousand, respectively.

## 23. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc., which held 59.14% of the ordinary shares of the Company as of March 31, 2023, December 31, 2022 and March 31, 2022.

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

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
San Ying Enterprise Co., Ltd.	Fellow subsidiary
YFY Biotech Management Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Fidelis IT Solutions Co, Ltd.	Fellow subsidiary
Arizon RFID Technology (Hong Kong) Co., Ltd.	Fellow subsidiary
YFY Packaging (Yangzhou) Investment Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
YFY Paradigm Investment Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Shanghai) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Qingdao) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Nanjing) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Suzhou) Co., Ltd.	Fellow subsidiary
YFY 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
Union Paper Corp.	Fellow subsidiary
Pek Crown Paper Co., Ltd.	Fellow subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
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 Eneritech Co., Ltd.	Fellow subsidiary
Fengchuan Green Technology Co., Ltd.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Inc.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
YFY Biotech Co., Ltd.	Substantive related party
YFY BioTechnology (Kunshan) 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
Synmax Biochemical Co., Ltd.	Substantive related party
Transcend Optronics (Yangzhou) Co., Ltd.	Substantive related party
	(Concluded)

b. Sales of goods

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ 13,050	\$ 12,298
Substantive related parties	2,668	2,199
Parent company	<u>85</u>	<u>92</u>
	<u>\$ 15,803</u>	<u>\$ 14,589</u>

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

c. Purchases of goods

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries		
Chung Hwa Pulp Corporation	\$ 194,314	\$ 138,005
Others	<u>173,388</u>	<u>145,371</u>
	367,702	283,376
Substantive related parties	<u>138</u>	<u>281</u>
	<u>\$ 367,840</u>	<u>\$ 283,657</u>

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

d. Accounts receivable from related parties

<b>Related Party Category</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ 3,779	\$ 1,929	\$ 3,653
Others	<u>1,916</u>	<u>1,606</u>	<u>1,176</u>
	5,695	3,535	4,829
Substantive related parties			
Yuen Foong Paper Co., Ltd.	2,008	1,893	1,441
Others	<u>571</u>	<u>661</u>	<u>454</u>
	2,579	2,554	1,895
Parent company	<u>-</u>	<u>14</u>	<u>97</u>
	<u>\$ 8,274</u>	<u>\$ 6,103</u>	<u>\$ 6,821</u>

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

<b>Related Party Category</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
Chung Hwa Pulp Corporation	\$ 203,842	\$ 225,434	\$ 143,851
Guangdong Dingfung Pulp & Paper Co., Ltd.	67,992	12,921	58,154
Others	<u>25,007</u>	<u>29,375</u>	<u>42,137</u>
	296,841	267,730	244,142
Substantive related parties	<u>26</u>	<u>2</u>	<u>89</u>
	<u>\$ 296,867</u>	<u>\$ 267,732</u>	<u>\$ 244,231</u>

The outstanding accounts payable to related parties are unsecured.

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

<b>Related Party Category</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
YFY Packaging Inc.	\$ <u>93</u>	\$ <u>-</u>	\$ <u>-</u>

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

<b>Related Party Category</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
YFY Paper Mfg. (Yangzhou) Co., Ltd.	\$ 36,724	\$ 39,153	\$ 24,401
Others	<u>3,724</u>	<u>3,404</u>	<u>2,846</u>
	40,448	42,557	27,247
Substantive related parties	<u>1,579</u>	<u>1,822</u>	<u>1,628</u>
	<u>\$ 42,027</u>	<u>\$ 44,379</u>	<u>\$ 28,875</u>

h. Acquisitions of property, plant and equipment

<b>Related Party Category</b>	<b>Purchase Price</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ <u>971</u>	\$ <u>-</u>

i. Acquisitions of investment properties

Refer to Note 20.

j. Lease arrangements

<b>Lease Liabilities</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
YFY Packaging Inc.	\$ <u>23,561</u>	\$ <u>25,000</u>	\$ <u>29,294</u>

<b>Interest Paid</b>	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ <u>66</u>	\$ <u>81</u>

<b>Lease Paid</b>	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	\$ 8,955	\$ 8,858
Others	<u>911</u>	<u>907</u>
	9,866	9,765
Substantive related parties	<u>2,924</u>	<u>3,161</u>
	<u>\$ 12,790</u>	<u>\$ 12,926</u>

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

k. Other transactions with related parties

<b>Related Party Category</b>	<b>Miscellaneous Expenses (Accounted for as Operating Costs and Expenses) For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	\$ 75,565	\$ 82,171
Others	<u>6,496</u>	<u>3,141</u>
	82,061	85,312
Substantive related parties	<u>2,324</u>	<u>2,711</u>
	<u>\$ 84,385</u>	<u>\$ 88,023</u>

<b>Related Party Category</b>	<b>Other Income (Accounted for as Non-operating Income) For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	<u>\$ 38</u>	<u>\$ -</u>

<b>Related Party Category</b>	<b>Prepayments (Accounted for as Other Current Assets)</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries	\$ 1,215	\$ 614	\$ 828
Substantive related parties	<u>345</u>	<u>44</u>	<u>56</u>
	<u>\$ 1,560</u>	<u>\$ 658</u>	<u>\$ 884</u>



1. Remuneration of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 11,811	\$ 16,914
Post-employment benefits	<u>276</u>	<u>314</u>
	<u>\$ 12,087</u>	<u>\$ 17,228</u>

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

**24. 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.

**25. 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:

	<b>March 31, 2023</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 469	30.45	\$ 14,281
RMB	535	4.431	2,371
<u>Financial liabilities</u>			
Monetary items			
USD	351	30.45	10,688

<b>December 31, 2022</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,406	30.71	\$ 73,888
RMB	1,122	4.409	4,947
<u>Financial liabilities</u>			
Monetary items			
USD	915	30.71	28,100
<b>March 31, 2022</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 806	28.625	\$ 23,072
RMB	1,437	4.509	6,479
<u>Financial liabilities</u>			
Monetary items			
USD	32,758	28.625	937,698
RMB	668	4.509	3,012

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

<b>For the Three Months Ended March 31</b>				
	<b>2023</b>		<b>2022</b>	
<b>Foreign Currency</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	30.45 (USD:NTD)	\$ 300	28.625 (USD:NTD)	\$ 78
USD	6.872 (USD:RMB)	(149)	6.348 (USD:RMB)	3,626
RMB	4.431 (RMB:NTD)	<u>20</u>	4.509 (RMB:NTD)	<u>129</u>
		<u>\$ 171</u>		<u>\$ 3,833</u>

## 26. 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 (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. (Tables 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)

## 27. SEGMENT INFORMATION

Segment revenue and results are as follows:

	<b>Taiwan</b>	<b>Mainland China</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<u>For the three months ended March 31, 2023</u>				
Revenue from external customers	<u>\$ 1,714,856</u>	<u>\$ 774,669</u>	<u>\$ -</u>	<u>\$ 2,489,525</u>
Revenue from other internal operating segments	<u>\$ 173,403</u>	<u>\$ 1,335,721</u>	<u>\$ (1,509,124)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 190,256</u>	<u>\$ (29,489)</u>	<u>\$ -</u>	<u>\$ 160,767</u>
<u>For the three months ended March 31, 2022</u>				
Revenue from external customers	<u>\$ 1,709,221</u>	<u>\$ 732,398</u>	<u>\$ -</u>	<u>\$ 2,441,619</u>
Revenue from other internal operating segments	<u>\$ 265,223</u>	<u>\$ 1,041,140</u>	<u>\$ (1,306,363)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 276,129</u>	<u>\$ 12,814</u>	<u>\$ -</u>	<u>\$ 288,943</u>

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

a. Taiwan

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

b. Mainland China

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

The accounting policies of each segment are the same as those accounting policies stated in Note 4. The performance of segments is measured by income 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.

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

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 283,348	\$ 282,611	\$ 5,100	3.25	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 588,839	\$ 588,839	Note 6
2	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,181,844	1,178,767	13,905	3.25	Short-term financing	-	Operating capital	-	-	-	2,504,291	2,504,291	Note 6
3	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,213,541	2,154,061	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,308,122	4,308,122	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,213,541	2,154,061	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,308,122	4,308,122	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 RMB1 = \$4.431218 as of March 31, 2023.

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 THREE MONTHS ENDED MARCH 31, 2023**

**(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	Yuen Foong Shop Co., Ltd.	a.	Sale	\$ (113,937)	(7)	In agreed terms	\$ -	-	\$ 81,499	9	Note 2
	Chung Hwa Pulp Corporation	b.	Purchase	194,314	21	In agreed terms	-	-	(203,842)	(35)	
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	a.	Sale	(483,235)	(38)	In agreed terms	-	-	228,323	39	Note 2
	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Purchase	129,298	10	In agreed terms	-	-	(50,093)	(8)	
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(175,003)	(100)	In agreed terms	-	-	183,064	100	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(601,872)	(89)	In agreed terms	-	-	404,811	94	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**

**MARCH 31, 2023**

**(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		
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	\$ 228,323	10.65	\$ -	-	\$ 228,323	\$ -
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	404,811	6.95	-	-	274,736	-
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	183,064	5.14	-	-	97,487	-

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

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

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	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	\$ 3,173,762	\$ (35,117)	\$ (35,117)	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	271,871	6,339	9,598	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	104,088	3,639	4,548	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.
	Livebricks Inc.	Taipei, Taiwan	Information processing service	1,879	-	200,002	100.0	1,876	(44)	(3)	a., b. and c.

Note: a. Subsidiaries.  
b. In preparing the consolidated financial statements, the transaction has been eliminated.  
c. Yuen Foong Shop Co., Ltd. acquired shares of Livebricks Inc. from a fellow subsidiary, YFY Paradigm Investment Co., Ltd., in March 2023.  
d. 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 THREE MONTHS ENDED MARCH 31, 2023  
(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, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,501,750 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 2,879,809 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 2,879,809 (US\$ 94,575 thousand)	\$ (47,607) (Note 2,b.)	100.0	\$ (47,607) (Note 2,b.)	\$ 2,106,575	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	913,500 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	(472) (Note 2,c.)	100.0	(308) (Note 2,c.)	290,831	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	913,500 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	30,800 (Note 2,c.)	100.0	30,800 (Note 2,c.)	1,282,867	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$3,184,309 (Notes 1 and 4)	\$3,184,309 (Notes 1 and 4)	Note 3

Note 1: The exchange rates were US\$1 = \$30.45 and RMB\$1 = \$4.431218 as of March 31, 2023.

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

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

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

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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	The Company	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 113,937 81,499	By market price By market price	4.58 1.03
2	Ever Growing Agriculture Bio-tech Co., Ltd.	The Company	Parent company	Sales Accounts receivable	59,427 85,555	By market price By market price	2.39 1.08
3	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales Accounts receivable	483,235 228,323	By market price By market price	19.41 2.89
4	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd. YFY Family Care (Kunshan) Co., Ltd.	Parent company Fellow subsidiary	Sales Accounts receivable Sales	601,872 404,811 75,460	By market price By market price By market price	24.18 5.12 3.03
5	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales Accounts receivable	175,003 183,064	By market price By market price	7.03 2.31

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

**TABLE 7****YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
MARCH 31, 2023**

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.