

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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, 2024 and 2023, 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, 2024 and 2023 of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$1,898,649 thousand and NT\$2,124,727 thousand, representing 20.47% and 26.86% of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$419,742 thousand and NT\$489,432 thousand, representing 13.05% and 20.20% of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amount of combined comprehensive income of these subsidiaries was NT\$32,472 thousand and NT\$40,262 thousand, representing 8.52% and 33.64% 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, 2024 and 2023, 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 21 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, 2023. 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 Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2024

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, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,243,576	24	\$ 2,290,191	26	\$ 1,637,093	21
Financial assets at amortized cost - current (Note 7)	284,000	3	28,000	1	3,742	-
Notes and accounts receivable (Notes 9 and 17)	1,252,250	14	1,175,871	13	1,259,286	16
Accounts receivable from related parties (Notes 17 and 24)	9,842	-	7,341	-	8,274	-
Inventories (Note 10)	1,049,600	11	1,079,707	12	1,318,136	16
Other current assets (Note 24)	219,158	3	284,467	3	236,086	3
Total current assets	5,058,426	55	4,865,577	55	4,462,617	56
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 7 and 8)	98,079	1	-	-	-	-
Property, plant and equipment (Notes 12, 18 and 24)	3,749,418	40	3,662,552	41	3,026,917	39
Right-of-use assets (Notes 13 and 18)	296,653	3	292,941	3	312,783	4
Deferred tax assets	12,613	-	12,132	-	12,777	-
Net defined benefit assets (Note 4)	6,563	-	6,037	-	7,998	-
Other non-current assets	54,361	1	55,813	1	87,789	1
Total non-current assets	4,217,687	45	4,029,475	45	3,448,264	44
TOTAL ASSETS	\$ 9,276,113	100	\$ 8,895,052	100	\$ 7,910,881	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	\$ 100,000	1	\$ -	-	\$ -	-
Short-term bills payable (Note 14)	34,000	-	-	-	-	-
Notes and accounts payable	590,186	6	546,993	6	534,747	7
Accounts payable to related parties (Note 24)	140,294	2	144,051	2	296,867	4
Other payables	969,489	11	1,176,789	13	750,552	9
Other payables to related parties (Note 24)	31,115	-	34,530	-	42,027	1
Current tax liabilities	210,735	2	161,133	2	177,987	2
Lease liabilities - current (Notes 13 and 24)	69,327	1	63,180	1	58,329	1
Other current liabilities (Note 17)	74,173	1	87,973	1	78,134	1
Total current liabilities	2,219,319	24	2,214,649	25	1,938,643	25
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 14)	760,570	8	760,330	8	223,800	3
Deferred tax liabilities	62,442	1	62,548	1	57,139	1
Lease liabilities - non-current (Notes 13 and 24)	152,205	2	156,860	2	177,340	2
Other non-current liabilities	21,030	-	21,400	-	25,807	-
Total non-current liabilities	996,247	11	1,001,138	11	484,086	6
Total liabilities	3,215,566	35	3,215,787	36	2,422,729	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)						
Share capital						
Ordinary shares	2,671,290	29	2,671,290	30	2,671,290	34
Capital surplus	1,214,116	13	1,214,116	14	1,214,116	15
Retained earnings						
Legal reserve	400,456	4	400,456	4	331,631	4
Special reserve	102,683	1	102,683	1	241,756	3
Unappropriated earnings	1,631,702	18	1,382,919	16	1,080,979	14
Total retained earnings	2,134,841	23	1,886,058	21	1,654,366	21
Other equity	(7,446)	-	(139,362)	(2)	(100,959)	(1)
Total equity attributable to owners of the Company	6,012,801	65	5,632,102	63	5,438,813	69
NON-CONTROLLING INTERESTS	47,746	-	47,163	1	49,339	-
Total equity	6,060,547	65	5,679,265	64	5,488,152	69
TOTAL LIABILITIES AND EQUITY	\$ 9,276,113	100	\$ 8,895,052	100	\$ 7,910,881	100

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET SALES (Notes 17 and 24)	\$ 2,602,460	100	\$ 2,489,525	100
COST OF GOODS SOLD (Notes 10, 18 and 24)	<u>(1,911,309)</u>	<u>(73)</u>	<u>(1,976,128)</u>	<u>(79)</u>
GROSS PROFIT	<u>691,151</u>	<u>27</u>	<u>513,397</u>	<u>21</u>
OPERATING EXPENSES (Notes 18 and 24)				
Selling and marketing	(271,693)	(11)	(257,581)	(10)
General and administrative	(93,302)	(4)	(99,653)	(4)
Research and development	<u>(11,209)</u>	<u>-</u>	<u>(10,686)</u>	<u>(1)</u>
Total operating expenses	<u>(376,204)</u>	<u>(15)</u>	<u>(367,920)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>314,947</u>	<u>12</u>	<u>145,477</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 18 and 24)	(3,586)	-	(2,689)	-
Interest income	17,911	1	14,826	1
Other income (Note 24)	4,173	-	3,876	-
Gain (loss) on disposal of property, plant and equipment	(27,670)	(1)	212	-
Foreign exchange gain (Note 27)	68	-	171	-
Other expenses	<u>(2)</u>	<u>-</u>	<u>(1,106)</u>	<u>-</u>
Total non-operating income and expenses	<u>(9,106)</u>	<u>-</u>	<u>15,290</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	305,841	12	160,767	7
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(56,470)</u>	<u>(2)</u>	<u>(42,811)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>249,371</u>	<u>10</u>	<u>117,956</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	<u>131,916</u>	<u>5</u>	<u>1,724</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>131,916</u>	<u>5</u>	<u>1,724</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 381,287</u>	<u>15</u>	<u>\$ 119,680</u>	<u>5</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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 248,783	10	\$ 117,049	5
Equity attributable to former owner of business combination under common control (Notes 4, 16 and 21)	-	-	(41)	-
Non-controlling interests	588	-	948	-
	\$ 249,371	10	\$ 117,956	5
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 380,699	15	\$ 118,773	5
Equity attributable to former owner of business combination under common control (Notes 4, 16 and 21)	-	-	(41)	-
Non-controlling interests	588	-	948	-
	\$ 381,287	15	\$ 119,680	5
EARNINGS PER SHARE (Note 20)				
Basic	\$ 0.93		\$ 0.44	
Diluted	\$ 0.93		\$ 0.44	

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 16)							Other Equity Exchange Differences on Translation of Foreign Financial Statements	Total	Equity Attributable to Former Owner of Business Combination Under Common Control (Notes 4 and 21)	Non-controlling Interests (Note 16)	Total Equity
	Share Capital		Capital Surplus	Retained Earnings								
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
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	\$ -	\$ 48,391	\$ 5,368,431
Retrospective adjustments of equity attributable to former owner due to business combination under common control	-	-	-	-	-	-	-	-	-	1,920	-	1,920
BALANCE AT JANUARY 1, 2023, AS RESTATED	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
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 for the three months ended March 31, 2023	-	-	-	-	-	117,049	117,049	1,724	118,773	(41)	948	119,680
Business combination under common control	-	-	-	-	-	-	-	-	-	(1,879)	-	(1,879)
BALANCE AT MARCH 31, 2023	267,129	\$ 2,671,290	\$ 1,214,116	\$ 331,631	\$ 241,756	\$ 1,080,979	\$ 1,654,366	\$ (100,959)	\$ 5,438,813	\$ -	\$ 49,339	\$ 5,488,152
BALANCE AT JANUARY 1, 2024	267,129	\$ 2,671,290	\$ 1,214,116	\$ 400,456	\$ 102,683	\$ 1,382,919	\$ 1,886,058	\$ (139,362)	\$ 5,632,102	\$ -	\$ 47,163	\$ 5,679,265
Net profit for the three months ended March 31, 2024	-	-	-	-	-	248,783	248,783	-	248,783	-	588	249,371
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	131,916	131,916	-	-	131,916
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	248,783	248,783	131,916	380,699	-	588	381,287
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5)	(5)
BALANCE AT MARCH 31, 2024	267,129	\$ 2,671,290	\$ 1,214,116	\$ 400,456	\$ 102,683	\$ 1,631,702	\$ 2,134,841	\$ (7,446)	\$ 6,012,801	\$ -	\$ 47,746	\$ 6,060,547

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 305,841	\$ 160,767
Adjustments for:		
Depreciation expense	122,572	111,156
Amortization expense	40	61
Expected credit loss recognized (reversed)	3	(24)
Finance costs	3,586	2,689
Interest income	(17,911)	(14,826)
Loss (gain) on disposal of property, plant and equipment	27,670	(212)
Write-downs (reversal of write-downs) of inventories	2,503	(13,326)
Unrealized loss (gain) on foreign currency exchange	15	(359)
Changes in operating assets and liabilities		
Notes and accounts receivable	(65,009)	44,010
Accounts receivable from related parties	(2,340)	(2,163)
Inventories	49,771	11,244
Other current assets	69,803	42,478
Net defined benefit assets	(526)	(8,938)
Notes and accounts payable	36,076	(126,118)
Accounts payable to related parties	(4,331)	29,124
Other payables	(128,956)	(144,929)
Other payables to related parties	(4,567)	(2,556)
Other current liabilities	(15,568)	(6,427)
Cash generated from operations	378,672	81,651
Interest received	18,685	12,624
Interest paid	(3,558)	(2,835)
Income tax paid	(7,401)	(10,689)
Net cash generated from operating activities	386,398	80,751
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) disposal of financial assets at amortized cost	(352,362)	2,785
Net cash outflow from acquisition of subsidiary under common control	-	(1,879)
Payments for property, plant and equipment	(266,239)	(111,114)
Proceeds from disposal of property, plant and equipment	483	398
(Increase) decrease in other non-current assets	(5,274)	(1,998)
Net cash generated from (used in) investing activities	(623,392)	(111,808)

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	\$ 100,000	\$ (268,000)
Increase (decrease) in short-term bills payable	34,000	-
Proceeds from (repayments of) long-term borrowings	240	25,180
(Decrease) increase in other non-current liabilities	(443)	66
Repayment of the principal portion of lease liabilities	(16,717)	(15,535)
Changes in non-controlling interests	(5)	-
Net cash generated from (used in) financing activities	117,075	(258,289)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	73,304	(6,178)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(46,615)	(295,524)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,290,191	1,932,617
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 2,243,576	\$ 1,637,093

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

(With Deloitte & Touche auditors' review report dated May 8, 2024)

(Concluded)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 March 31, 2024. 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 8, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 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 11, Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

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 Owner due to Business Combination under Common Control”.

e. Other material accounting policies

Except for other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2023.

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the material accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 989	\$ 867	\$ 877
Checking accounts and demand deposits	1,156,132	1,055,400	243,061
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	868,416	1,122,882	1,308,155
Repurchase agreements collateralized by bonds	<u>218,039</u>	<u>111,042</u>	<u>85,000</u>
	<u>\$ 2,243,576</u>	<u>\$ 2,290,191</u>	<u>\$ 1,637,093</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturities between three months and a year	\$ 284,000	\$ 28,000	\$ 3,742
The market rate intervals	1.35%-1.69%	1.31%-1.57%	1.44%-2.20%
<u>Non-current</u>			
Corporate bonds	\$ 98,079	\$ -	\$ -

In March 2024, the Group invested 5-year corporate bonds with a coupon rate of 5.81% and an effective interest rate of 5.26%. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 25 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The Group invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. Since the original recognition of these debt instruments, the credit risk has not increased significantly, resulting in changes in interest rates or terms, and no significant operating changes are expected to affect the ability to fulfill debts. Therefore, there is no expected credit loss. The Group continuously tracks external rating information to monitor changes in its credit risk, and regularly reviews other information such as bond yield curve and debtor material information to assess whether the expected credit risk of the investment has increased significantly during the period since its original recognition.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable - operating	\$ 50,108	\$ 55,232	\$ 62,807
Accounts receivable - operating	1,202,776	1,121,245	1,199,563
Less: Allowance for impairment loss	(634)	(606)	(3,084)
	<u>\$ 1,252,250</u>	<u>\$ 1,175,871</u>	<u>\$ 1,259,286</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, 2024

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,238,586	\$ 11,942	\$ 531	\$ 1,198	\$ 627	\$ 1,252,884
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(6)</u>	<u>(627)</u>	<u>(634)</u>
	<u>\$ 1,238,586</u>	<u>\$ 11,941</u>	<u>\$ 531</u>	<u>\$ 1,192</u>	<u>\$ -</u>	<u>\$ 1,252,250</u>

December 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	\$ 1,165,613	\$ 9,109	\$ 1,152	\$ -	\$ 603	\$ 1,176,477
Loss allowance (Lifetime ECLs)	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(603)</u>	<u>(606)</u>
	<u>\$ 1,165,610</u>	<u>\$ 9,109</u>	<u>\$ 1,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,871</u>

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>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 606	\$ 3,093
Net remeasurement of loss allowance (gain on reversal)	3	(24)
Foreign currency exchange gains and losses	<u>25</u>	<u>15</u>
Balance at March 31	<u>\$ 634</u>	<u>\$ 3,084</u>

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished and purchased goods	\$ 426,326	\$ 439,801	\$ 607,138
Work in process	183,235	136,392	205,355
Materials	<u>440,039</u>	<u>503,514</u>	<u>505,643</u>
	<u>\$ 1,049,600</u>	<u>\$ 1,079,707</u>	<u>\$ 1,318,136</u>

The cost of goods sold for the three months ended March 31, 2024 and 2023 included inventory write-downs of \$2,503 thousand and reversal of inventory write-downs of \$13,326 thousand, respectively. Due to the disposal of inventories which were written down, the net realizable value of inventory increased.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
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	100.0	100.0	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 shares of adjusted were recognized to profit or loss attributable to former owner of business combination under common control, please refer to Note 21 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, 2024 and 2023, combined total assets of these subsidiaries were \$1,898,649 thousand and \$2,124,727 thousand, respectively, representing 20.47% and 26.86%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$419,742 thousand and \$489,432 thousand, respectively, representing 13.05% and 20.20%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amount of combined comprehensive income of these

subsidiaries were \$32,472 thousand and \$40,262 thousand, respectively, representing 8.52% and 33.64%, respectively, of the consolidated total comprehensive income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2024	\$ 675,822	\$ 1,326,106	\$ 4,748,427	\$ 527,312	\$ 277,811	\$ 317,095	\$ 499	\$ 7,873,072
Additions	140,633	17,435	10,910	3,841	9,577	7,757	191	190,344
Disposals	-	(671)	(72,680)	(6,179)	(22,075)	(3,020)	-	(104,625)
Effect of foreign currency exchange differences	-	12,214	80,601	9,395	3,919	2,977	20	109,126
Balance at March 31, 2024	<u>\$ 816,455</u>	<u>\$ 1,355,084</u>	<u>\$ 4,767,258</u>	<u>\$ 534,369</u>	<u>\$ 269,232</u>	<u>\$ 324,809</u>	<u>\$ 710</u>	<u>\$ 8,067,917</u>
Accumulated depreciation								
Balance at January 1, 2024	\$ -	\$ 703,273	\$ 2,683,648	\$ 342,366	\$ 208,650	\$ 272,583	\$ -	\$ 4,210,520
Depreciation expenses	-	13,796	73,340	6,103	6,715	5,043	-	104,997
Disposals	-	(318)	(49,010)	(3,300)	(20,904)	(2,940)	-	(76,472)
Effect of foreign currency exchange differences	-	8,895	55,547	9,017	3,590	2,405	-	79,454
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 725,646</u>	<u>\$ 2,763,525</u>	<u>\$ 354,186</u>	<u>\$ 198,051</u>	<u>\$ 277,091</u>	<u>\$ -</u>	<u>\$ 4,318,499</u>
Carrying amounts at January 1, 2024	<u>\$ 675,822</u>	<u>\$ 622,833</u>	<u>\$ 2,064,779</u>	<u>\$ 184,946</u>	<u>\$ 69,161</u>	<u>\$ 44,512</u>	<u>\$ 499</u>	<u>\$ 3,662,552</u>
Carrying amounts at March 31, 2024	<u>\$ 816,455</u>	<u>\$ 629,438</u>	<u>\$ 2,003,733</u>	<u>\$ 180,183</u>	<u>\$ 71,181</u>	<u>\$ 47,718</u>	<u>\$ 710</u>	<u>\$ 3,749,418</u>
Cost								
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>
Accumulated depreciation								
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>

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	3-15 years

According to the operational requirements, the Group's land which land parcel number are 541-542 in Chingshui were bought in March 2024, because the purchased agricultural land could not be transferred in the name of the Group, it was temporarily registered in the name of the registrant, with whom a contract of borrowing other's name for real estate registration was signed to clearly define the rights and obligations of both parties, declare the ownership of agricultural land is belongs to the Group. The land ownership certificate is held by the Group and pledge these agricultural land to the Group when registered the property rights.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 95,515	\$ 94,605	\$ 102,707
Buildings	181,175	176,658	186,799
Others	<u>19,963</u>	<u>21,678</u>	<u>23,277</u>
	<u>\$ 296,653</u>	<u>\$ 292,941</u>	<u>\$ 312,783</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 17,586</u>	<u>\$ 2,225</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,140	\$ 2,142
Buildings		13,720	12,825
Others		<u>1,715</u>	<u>1,674</u>
		<u>\$ 17,575</u>	<u>\$ 16,641</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, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	\$ 69,327	\$ 63,180	\$ 58,329
Non-current	<u>\$ 152,205</u>	<u>\$ 156,860</u>	<u>\$ 177,340</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
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%-1.95%	0.86%-1.95%

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 Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 29,565</u>	<u>\$ 27,564</u>
Total cash outflow for leases	<u>\$ 46,898</u>	<u>\$ 43,737</u>

14. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Bank credit loans	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>
Annual interest rates	1.78%	-	-

b. Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Short-term bills payable	<u>\$ 34,000</u>	<u>\$ -</u>	<u>\$ -</u>
Annual interest rates	1.75%	-	-

c. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Bank credit loans	<u>\$ 760,570</u>	<u>\$ 760,330</u>	<u>\$ 223,800</u>
Interest rates of long-term borrowings	1.40%-1.48%	1.26%-1.35%	1.99%

15. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect of the Group's defined benefit plans for the three months ended March 31, 2024 and 2023 were calculated based on the pension cost rate determined by the actuarial calculation as of December 31, 2023 and 2022, which amounted to \$536 thousand and \$585 thousand, respectively.

16. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
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

The capital surplus for the three months ended March 31, 2024 and 2023 were as follows:

	Differences Between Equity Purchase Price and Carrying Amount from Actual Acquisition or Disposal of Equity in Subsidiary (Note)	Share Premium (Note)	Others (Note)	Total
Balance at January 1 and March 31, 2024	<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, 2023	<u>\$ 156,481</u>	<u>\$ 1,054,448</u>	<u>\$ 3,187</u>	<u>\$ 1,214,116</u>

Note: 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 dividend policy is mainly based on the future capital budget plan to measure the capital needs of the following year. Every year, no less than 30% of the available profit shall be 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 18(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 IFRS Accounting Standards", 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.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Legal reserve	\$ <u>96,314</u>	\$ <u>68,825</u>
(Reversal) appropriation of special reserve	\$ <u>36,679</u>	\$ <u>(139,073)</u>
Cash dividends	\$ <u>801,387</u>	\$ <u>614,397</u>
Cash dividends per share (NT\$)	\$ <u>3</u>	\$ <u>2.3</u>

The aforementioned appropriations of earnings for 2022 were resolved by the shareholders in their meeting on June 28, 2023. The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 13, 2024, which will be approved by the shareholders in their meeting to be held on June 25, 2024. 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 Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 47,163	\$ 48,391
Attributable to non-controlling interests:		
Share of profit for the period	588	948
Employees' compensation released by subsidiaries to the Company's employees to adjust non-controlling interests	<u>(5)</u>	<u>-</u>
Balance at March 31	<u>\$ 47,746</u>	<u>\$ 49,339</u>

17. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers - sale of goods and rendering of services	<u>\$ 2,602,460</u>	<u>\$ 2,489,525</u>

Contract Balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,262,092</u>	<u>\$ 1,183,212</u>	<u>\$ 1,267,560</u>
Contract liabilities - sale of goods and rendering of services (under other current liabilities)	<u>\$ 34,467</u>	<u>\$ 44,540</u>	<u>\$ 46,052</u>

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

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers - sale of goods and rendering of services	<u>\$ 40,970</u>	<u>\$ 41,608</u>

For information about notes receivable and accounts receivable, refer to Note 9. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

18. NET PROFIT

a. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 3,020	\$ 2,456
Interest on lease liabilities	616	638
Less: Capitalization amount of interest	<u>(50)</u>	<u>(405)</u>
	<u>\$ 3,586</u>	<u>\$ 2,689</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2024	2023
Capitalization interest rates	1.27%-1.54%	1.66%-1.88%

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Right-of-use assets	\$ 17,575	\$ 16,641
Property, plant and equipment	104,997	94,515
Other non-current assets	<u>40</u>	<u>61</u>
	<u>\$ 122,612</u>	<u>\$ 111,217</u>
An analysis of depreciation by function		
Operating costs	\$ 104,842	\$ 93,743
Operating expenses	<u>17,730</u>	<u>17,413</u>
	<u>\$ 122,572</u>	<u>\$ 111,156</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 6
Operating expenses	<u>40</u>	<u>55</u>
	<u>\$ 40</u>	<u>\$ 61</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 7,216	\$ 7,031
Defined benefit plans (Note 15)	<u>536</u>	<u>585</u>
	7,752	7,616
Other employee benefits	<u>293,472</u>	<u>288,296</u>
Total employee benefits expense	<u>\$ 301,224</u>	<u>\$ 295,912</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 162,696	\$ 147,032
Operating expenses	<u>138,528</u>	<u>148,880</u>
	<u>\$ 301,224</u>	<u>\$ 295,912</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, 2024 and 2023, respectively, were as follows:

	For the Three Months Ended March 31	
	2024	2023
<u>Amount</u>		
Compensation of employees	\$ 4,347	\$ 3,392
Remuneration of directors	2,790	3,375

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 13, 2024 and March 14, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 11,850	\$ 8,805
Remuneration of directors	12,150	8,627

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 13, 2024 and March 14, 2023, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax	\$ 57,057	\$ 38,289
Deferred tax	<u>(587)</u>	<u>4,522</u>
Income tax expense recognized in profit or loss	<u>\$ 56,470</u>	<u>\$ 42,811</u>

b. Income tax assessments

The tax filings of the Company and Yuen Foong Shop Co., Ltd. through 2021 have been approved by the tax authorities. The tax filings of Ever Growing Agriculture Bio-tech Co., Ltd. and Livebricks Inc. through 2022 have been approved by the tax authorities.

20. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share (NT\$)	<u>\$ 0.93</u>	<u>\$ 0.44</u>
Diluted earnings per share (NT\$)	<u>\$ 0.93</u>	<u>\$ 0.44</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

	For the Three Months Ended March 31	
	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 248,783</u>	<u>\$ 117,049</u>

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

	For the Three Months Ended March 31	
	2024	2023
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>302</u>	<u>281</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>267,431</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.

21. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Reorganization	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Livebricks Inc.	Note 11	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

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

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

	Livebricks Inc.
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>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 3,938,819	\$ 3,581,407	\$ 2,993,884
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	2,646,684	2,684,093	1,873,800

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, 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 activities 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 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 risks.

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 Three Months Ended March 31	
	2024	2023
Profit or loss at 5% variance		
USD	\$ <u>512</u>	\$ <u>180</u>
RMB	\$ <u>55</u>	\$ <u>119</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ <u>1,468,534</u>	\$ <u>1,261,924</u>	\$ <u>1,396,897</u>
Financial liabilities	\$ <u>1,116,102</u>	\$ <u>980,370</u>	\$ <u>459,469</u>
Cash flow interest rate risk			
Financial assets	\$ <u>1,155,526</u>	\$ <u>1,048,680</u>	\$ <u>242,400</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, 2024 and 2023 would have increased/decreased as follows:

	For the Three Months Ended March 31	
	2024	2023
Increase/decrease	\$ 289	\$ 61

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. The Group's unutilized financing facilities as of March 31, 2024, December 31, 2023, and March 31, 2023 were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Unutilized financing facilities	<u>\$ 8,666,395</u>	<u>\$ 8,980,094</u>	<u>\$ 6,854,958</u>

24. TRANSACTIONS WITH RELATED PARTIES

YFY Inc. is the parent company of the Company, which held 59.14% of the ordinary shares of the Company as of March 31, 2024, December 31, 2023 and March 31, 2023.

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
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
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
Guangdong Dingfung Pulp & Paper Co., Ltd.	Fellow subsidiary
YFY Jupiter US, Inc.	Fellow subsidiary
YFY Development Corp.	Fellow subsidiary
Genovella Renewables Inc.	Fellow subsidiary
YFY Jupiter Limited Taiwan Branch (Hong Kong)	Fellow subsidiary
Kunshan YFY Jupiter Green Packaging Ltd.	Fellow subsidiary
Effion Eneritech Co., Ltd.	Fellow subsidiary
Fengchuan Green Technology Co., Ltd.	Fellow subsidiary
Ensilience 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
Hsin-Yi Enterprise Co., Ltd.	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Hsin-Yi Foundation	Substantive related party
SinoPac Securities Corporation	Substantive related party
Taiwan Stock Exchange Corporation	Substantive related party
Chen Yu Co., Ltd.	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
Synmax Biochemical Co., Ltd.	Substantive related party
	(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ 14,222	\$ 13,050
Substantive related parties	3,664	2,668
Parent company	<u>76</u>	<u>85</u>
	<u>\$ 17,962</u>	<u>\$ 15,803</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries		
Chung Hwa Pulp Corporation	\$ 99,139	\$ 194,314
Others	<u>25,876</u>	<u>173,388</u>
	125,015	367,702
Substantive related parties	<u>179</u>	<u>138</u>
	<u>\$ 125,194</u>	<u>\$ 367,840</u>

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

d. Accounts receivable from related parties

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiaries			
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ 4,196	\$ 3,180	\$ 3,779
Others	<u>2,180</u>	<u>1,563</u>	<u>1,916</u>
	6,376	4,743	5,695
Substantive related parties			
Yuen Foong Paper Co., Ltd.	2,865	1,996	2,008
Others	<u>565</u>	<u>602</u>	<u>571</u>
	3,430	2,598	2,579
Parent company	<u>36</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,842</u>	<u>\$ 7,341</u>	<u>\$ 8,274</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

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiaries			
Chung Hwa Pulp Corporation	\$ 103,953	\$ 110,471	\$ 203,842
YFY Packaging Inc.	21,693	19,143	10,798
Guangdong Dingfung Pulp & Paper Co., Ltd.	-	-	67,992
Others	<u>14,619</u>	<u>14,391</u>	<u>14,209</u>
	140,265	144,005	296,841
Substantive related parties	<u>29</u>	<u>46</u>	<u>26</u>
	<u>\$ 140,294</u>	<u>\$ 144,051</u>	<u>\$ 296,867</u>

The outstanding accounts payable to related parties are unsecured.

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

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiaries			
YFY Paper Mfg. (Yangzhou) Co., Ltd.	\$ 23,687	\$ 27,816	\$ 36,724
Others	<u>5,739</u>	<u>4,934</u>	<u>3,724</u>
	29,426	32,750	40,448
Substantive related parties	<u>1,689</u>	<u>1,780</u>	<u>1,579</u>
	<u>\$ 31,115</u>	<u>\$ 34,530</u>	<u>\$ 42,027</u>

- g. Acquisition of property, plant and equipment

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ <u>-</u>	\$ <u>971</u>

- h. Acquisitions of investment properties

Refer to Note 21.

- i. Lease arrangements

Lease Liabilities	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiaries	\$ <u>17,765</u>	\$ <u>19,220</u>	\$ <u>23,561</u>

Interest Paid	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ <u>50</u>	\$ <u>66</u>

Lease Paid	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries		
YFY Paper Mfg. (Yangzhou) Co., Ltd.	\$ 8,912	\$ 8,955
Others	<u>909</u>	<u>911</u>
	9,821	9,866
Substantive related parties	<u>2,440</u>	<u>2,924</u>
	\$ <u>12,261</u>	\$ <u>12,790</u>

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

- j. Other transactions with related parties

Related Party Category	Miscellaneous Expenses (Accounted for as Operating Costs and Expenses)	
	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ 66,949	\$ 82,061
Substantive related parties	<u>2,336</u>	<u>2,324</u>
	\$ <u>69,285</u>	\$ <u>84,385</u>

Related Party Category	Other Income (Accounted for as Non-operating Income)	
	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ <u>-</u>	\$ <u>38</u>

Related Party Category	Other Receivables from Related Parties (Excluding Loans to Related Parties) (Accounted for as Other Current Assets)		
	December 31,		
	March 31, 2024	2023	March 31, 2023
Fellow subsidiaries			
YFY Packaging Inc.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>93</u>

Related Party Category	Prepayments (Accounted for as Other Current Assets)		
	December 31,		
	March 31, 2024	2023	March 31, 2023
Fellow subsidiaries	\$ 2,214	\$ 582	\$ 1,215
Substantive related parties	<u>344</u>	<u>42</u>	<u>345</u>
	\$ <u>2,558</u>	\$ <u>624</u>	\$ <u>1,560</u>

k. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
	Short-term employee benefits	\$ 16,855
Post-employment benefits	<u>303</u>	<u>276</u>
	\$ <u>17,158</u>	\$ <u>12,087</u>

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

25. ASSETS PLEDGED

The Group provided the pledged deposits (accounted as financial assets at amortized cost - current) as collateral for purchases of goods. The assets pledged as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	December 31,		
	March 31, 2024	2023	March 31, 2023
Assets pledged	\$ 15,000	\$ 15,000	\$ -

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

Contingent liabilities

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on April 29, 2024, the Ministry of Environment announced the draft “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. According to the draft “Regulations Governing the Collection of Carbon Fees”, companies belonging to the power generation industry and large-scale operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO₂e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment. However, because the aforementioned drafts are still in the stage of draft preview and the rates of the carbon fee have not yet been announced, the Group is not able to reasonably estimate the impact of carbon fees.

27. 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:

	March 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 608	32.00	\$ 19,456
RMB	244	4.51	1,100
<u>Financial liabilities</u>			
Monetary items			
USD	288	32.00	9,216
	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 578	30.705	\$ 17,747
RMB	244	4.335	1,058
<u>Financial liabilities</u>			
Monetary items			
USD	206	30.705	6,325

		March 31, 2023		
		Foreign Currency	Exchange Rate	Carrying Amount
<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

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

For the Three Months Ended March 31				
		2024	2023	
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	32.00 (USD:NTD)	\$ 2	30.45 (USD:NTD)	\$ 300
USD	7.095 (USD:RMB)	23	6.872 (USD:RMB)	(149)
RMB	4.51 (RMB:NTD)	<u>43</u>	4.431 (RMB:NTD)	<u>20</u>
		<u>\$ 68</u>		<u>\$ 171</u>

28. SEPARATELY DISCLOSED ITEMS

Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- a. Financing provided: See Table 1 attached;
- b. Endorsements/guarantees provided: None;
- c. Marketable securities held: See Table 2 attached;
- d. Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None;
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached;

- i. Trading in derivative instruments: None;
- j. Intercompany relationships and significant intercompany transactions: See Table 7 attached;
- k. Information on investees: See Table 5 attached;
- l. 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: See Table 6 attached.
 - 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: See Table 3 attached.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: See Tables 3 and 7 attached.
 - 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: See Table 1 attached.
 - 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.
- m. 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: See Table 8 attached.

29. SEGMENT INFORMATION

Segment revenue and results are as follows:

	Taiwan	Mainland China	Adjustment and Elimination	Total
For the three months ended <u>March 31, 2024</u>				
Revenue from external customers	<u>\$ 1,857,606</u>	<u>\$ 744,854</u>	<u>\$ -</u>	<u>\$ 2,602,460</u>
Revenue from other internal operating segments	<u>\$ 181,135</u>	<u>\$ 1,025,529</u>	<u>\$ (1,206,664)</u>	<u>\$ -</u>
Segment profit before income tax	<u>\$ 281,106</u>	<u>\$ 24,735</u>	<u>\$ -</u>	<u>\$ 305,841</u>
For the three months ended <u>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>

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, 2024
(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	\$ 299,668	\$ 299,668	\$ 8,113	3.25	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 629,346	\$ 629,346	Note 6
2	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,274,469	1,274,469	2,417	3.25	Short-term financing	-	Operating capital	-	-	-	2,693,181	2,693,181	Note 6
3	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,142,910	2,142,910	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,341,134	4,341,134	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,142,910	2,142,910	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,341,134	4,341,134	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=\$4.510218 as of March 31, 2024.

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

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

MARKETABLE SECURITIES HELD

MARCH 31, 2024

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	As of March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yuen Foong Yu Consumer Products Investment Limited	Corporate bonds Mitsubishi HC Fin America LLC	-	Financial assets at amortized cost - non-current	-	US\$ 3,065 thousand	N/A	US\$ 3,065 thousand	

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, 2024
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Yuen Foong Shop Co., Ltd.	a.	Sales	\$ (117,366)	(7)	In agreed terms	\$ -	-	\$ 100,895	10	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	a.	Sales	(277,517)	(27)	In agreed terms	-	-	-	-	Note 2
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sales	(141,785)	(92)	In agreed terms	-	-	60,998	89	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sales	(528,401)	(87)	In agreed terms	-	-	245,312	100	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, 2024

(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	\$ 100,895	3.82	\$ -	-	\$ 33,414	\$ -
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	245,312	9.09	-	-	245,312	-

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, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	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	\$ 3,361,377	\$ 21,418	\$ 21,418	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	268,788	3,929	6,916	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	108,665	11,376	12,058	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 Livebricks Inc.	Hong Kong	General trade	-	-	-	100.0	-	-	-	a. and b.
		Taipei, Taiwan	Information processing service	1,879	1,879	200,002	100.0	20,072	4,845	4,845	a. and b.

Note: a. Subsidiaries.
b. In preparing the consolidated financial statements, the transaction has been eliminated.
c. Refer to Table 6 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, 2024
(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, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,680,000 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 3,026,400 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 3,026,400 (US\$ 94,575 thousand)	\$ 7,205 (Note 2,b.)	100.0	\$ 7,205 (Note 2,b.)	\$ 2,177,907	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	960,000 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	1,612 (Note 2,c.)	100.0	1,775 (Note 2,c.)	313,806	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	960,000 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	10,709 (Note 2,c.)	100.0	10,709 (Note 2,c.)	1,357,500	-

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$3,346,400 (Notes 1 and 4)	\$3,346,400 (Notes 1 and 4)	(Note 3)

Note 1: The exchange rates were US\$1=\$32.0 and RMB1=\$4.510218 as of March 31, 2024.

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, 2024**

(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	\$ 117,366 100,895	By market price By market price	4.51 1.09
2	Ever Growing Agriculture Bio-tech Co., Ltd.	The Company	Parent company	Sales	58,275	By market price	2.24
3	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	277,517	By market price	10.66
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	528,401 245,312 77,717	By market price By market price By market price	20.30 2.64 2.99
5	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	141,785	By market price	5.45

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

TABLE 8**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

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.