

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

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2024.

Very truly yours,

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

By:

March 13, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Yuen Foong Yu Consumer Products Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2024 is as follows:

Valuation of Receivables

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

For the disclosures related to receivables, refer to Notes 4, 5 and 9 to the consolidated financial statements.

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

1. We obtained the reports of impaired receivables impairment and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

Other Matter

We did not audit the financial statements for the year ended December 31, 2024 of Livebricks Inc., a subsidiary included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Therefore, in our expression of an opinion on the above-mentioned consolidated financial statements, the amounts listed in the financial statements of the company are based on the audit reports of other accountants. The total assets of the company as at December 31, 2024 and 2023 were NT\$27,399 thousand and NT\$14,501 thousand, representing 0.28% and 0.16% of consolidated total assets. The total liabilities of the company as at December 31, 2024 and 2023 were NT\$1,428 thousand and NT\$1,095 thousand, representing 0.03% and 0.03% of consolidated total liabilities. For the years ended 2024 and 2023, the amounts of combined comprehensive income of the company were NT\$(535) thousand and NT\$(2,011) thousand, representing (0.06%) and (0.22%) of total comprehensive income.

We have also audited the parent company only financial statements of Yuen Foong Yu Consumer Products Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter and emphasis matter section and unmodified opinion, respectively.

Emphasis of Matter

As disclosed in Notes 11 and 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 and the Group's consolidated financial statements for the previous year are restated. Therefore, our audit result is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2025

Notice to Readers

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

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

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

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | | 2023 | |
|--|---------------------|------------|---------------------|------------|
| ASSETS | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 1,969,521 | 20 | \$ 2,290,191 | 26 |
| Financial assets at amortized cost - current (Notes 4, 7 and 25) | 39,500 | 1 | 28,000 | 1 |
| Notes and accounts receivable (Notes 4, 5, 9, 17 and 24) | 1,285,185 | 13 | 1,183,212 | 13 |
| Inventories (Notes 4 and 10) | 1,317,446 | 13 | 1,079,707 | 12 |
| Other current assets (Note 24) | <u>398,855</u> | <u>4</u> | <u>284,467</u> | <u>3</u> |
| Total current assets | <u>5,010,507</u> | <u>51</u> | <u>4,865,577</u> | <u>55</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at amortized cost - non-current (Notes 4, 7 and 8) | 329,119 | 3 | - | - |
| Property, plant and equipment (Notes 4, 12, 18 and 24) | 4,195,411 | 42 | 3,662,552 | 41 |
| Right-of-use assets (Notes 4, 13 and 18) | 247,429 | 3 | 292,941 | 3 |
| Deferred tax assets (Notes 4 and 19) | 10,936 | - | 12,132 | - |
| Other non-current assets (Notes 4 and 15) | <u>110,881</u> | <u>1</u> | <u>61,850</u> | <u>1</u> |
| Total non-current assets | <u>4,893,776</u> | <u>49</u> | <u>4,029,475</u> | <u>45</u> |
| TOTAL ASSETS | <u>\$ 9,904,283</u> | <u>100</u> | <u>\$ 8,895,052</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 14) | \$ 199,000 | 2 | \$ - | - |
| Notes and accounts payable | 571,247 | 6 | 546,993 | 6 |
| Accounts payable to related parties (Note 24) | 146,151 | 1 | 144,051 | 2 |
| Other payables | 1,097,297 | 11 | 1,176,789 | 13 |
| Other payables to related parties (Note 24) | 36,033 | - | 34,530 | - |
| Current tax liabilities (Note 4) | 127,954 | 1 | 161,133 | 2 |
| Lease liabilities - current (Notes 4, 13 and 24) | 68,634 | 1 | 63,180 | 1 |
| Other current liabilities (Note 17) | <u>89,812</u> | <u>1</u> | <u>87,973</u> | <u>1</u> |
| Total current liabilities | <u>2,336,128</u> | <u>23</u> | <u>2,214,649</u> | <u>25</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Note 14) | 1,565,230 | 16 | 760,330 | 8 |
| Deferred tax liabilities (Notes 4 and 19) | 62,691 | 1 | 62,548 | 1 |
| Lease liabilities - non-current (Notes 4, 13 and 24) | 105,031 | 1 | 156,860 | 2 |
| Other non-current liabilities | <u>22,897</u> | <u>-</u> | <u>21,400</u> | <u>-</u> |
| Total non-current liabilities | <u>1,755,849</u> | <u>18</u> | <u>1,001,138</u> | <u>11</u> |
| Total liabilities | <u>4,091,977</u> | <u>41</u> | <u>3,215,787</u> | <u>36</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 16) | | | | |
| Share capital | | | | |
| Ordinary shares | <u>2,671,290</u> | <u>27</u> | <u>2,671,290</u> | <u>30</u> |
| Capital surplus | <u>1,214,116</u> | <u>12</u> | <u>1,214,116</u> | <u>14</u> |
| Retained earnings | | | | |
| Legal reserve | 496,770 | 5 | 400,456 | 4 |
| Special reserve | 139,362 | 2 | 102,683 | 1 |
| Unappropriated earnings | <u>1,195,854</u> | <u>12</u> | <u>1,382,919</u> | <u>16</u> |
| Total retained earnings | <u>1,831,986</u> | <u>19</u> | <u>1,886,058</u> | <u>21</u> |
| Other equity | <u>46,142</u> | <u>-</u> | <u>(139,362)</u> | <u>(2)</u> |
| Total equity attributable to owners of the Company | 5,763,534 | 58 | 5,632,102 | 63 |
| NON-CONTROLLING INTERESTS | <u>48,772</u> | <u>1</u> | <u>47,163</u> | <u>1</u> |
| Total equity | <u>5,812,306</u> | <u>59</u> | <u>5,679,265</u> | <u>64</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 9,904,283</u> | <u>100</u> | <u>\$ 8,895,052</u> | <u>100</u> |

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

(With Deloitte & Touche auditors' report dated March 13, 2025)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | 2024 | | 2023 | |
|---|--------------------|-------------|--------------------|-------------|
| | Amount | % | Amount | % |
| NET SALES (Notes 4, 17 and 24) | \$ 10,896,652 | 100 | \$ 10,264,803 | 100 |
| COST OF GOODS SOLD (Notes 4, 10, 15, 18 and 24) | <u>(8,412,425)</u> | <u>(77)</u> | <u>(7,641,458)</u> | <u>(74)</u> |
| GROSS PROFIT | <u>2,484,227</u> | <u>23</u> | <u>2,623,345</u> | <u>26</u> |
| OPERATING EXPENSES (Notes 4, 15, 18 and 24) | | | | |
| Selling and marketing | (1,128,741) | (10) | (1,066,046) | (10) |
| General and administrative | (389,998) | (4) | (384,798) | (4) |
| Research and development | <u>(43,041)</u> | <u>-</u> | <u>(42,563)</u> | <u>(1)</u> |
| Total operating expenses | <u>(1,561,780)</u> | <u>(14)</u> | <u>(1,493,407)</u> | <u>(15)</u> |
| PROFIT FROM OPERATIONS | <u>922,447</u> | <u>9</u> | <u>1,129,938</u> | <u>11</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Finance costs (Notes 4, 18 and 24) | (23,370) | - | (9,404) | - |
| Interest income (Note 4) | 79,587 | - | 69,075 | 1 |
| Other income | 11,622 | - | 17,065 | - |
| Gain (loss) on disposal of property, plant and equipment (Note 4) | (25,643) | - | 795 | - |
| Other expenses (Notes 4 and 12) | (16,954) | - | (1,281) | - |
| Foreign exchange gain (Notes 4 and 27) | <u>383</u> | <u>-</u> | <u>788</u> | <u>-</u> |
| Total non-operating income and expenses | <u>25,625</u> | <u>-</u> | <u>77,038</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 948,072 | 9 | 1,206,976 | 12 |
| INCOME TAX EXPENSE (Notes 4 and 19) | <u>(198,232)</u> | <u>(2)</u> | <u>(235,375)</u> | <u>(3)</u> |
| NET PROFIT FOR THE YEAR | <u>749,840</u> | <u>7</u> | <u>971,601</u> | <u>9</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 15) | 5,252 | - | (3,568) | - |
| Tax effect of items that will not be reclassified (Notes 4 and 19) | <u>(1,050)</u> | <u>-</u> | <u>714</u> | <u>-</u> |
| | <u>4,202</u> | <u>-</u> | <u>(2,854)</u> | <u>-</u> |

(Continued)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|---|-------------------|----------|-------------------|----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation | \$ 185,504 | 2 | \$ (36,679) | - |
| Other comprehensive (loss) income for the year, net of income tax | 189,706 | 2 | (39,533) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | \$ 939,546 | 9 | \$ 932,068 | 9 |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 743,113 | 7 | \$ 965,992 | 9 |
| Equity attributable to former owner of business combination under common control (Notes 4 and 21) | - | - | (41) | - |
| Non-controlling interests (Note 16) | 6,727 | - | 5,650 | - |
| | <u>\$ 749,840</u> | <u>7</u> | <u>\$ 971,601</u> | <u>9</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 932,819 | 9 | \$ 926,459 | 9 |
| Equity attributable to former owner of business combination under common control (Notes 4 and 21) | - | - | (41) | - |
| Non-controlling interests (Note 16) | 6,727 | - | 5,650 | - |
| | <u>\$ 939,546</u> | <u>9</u> | <u>\$ 932,068</u> | <u>9</u> |
| EARNINGS PER SHARE (Note 20) | | | | |
| Basic | \$ 2.78 | | \$ 3.62 | |
| Diluted | \$ 2.78 | | \$ 3.61 | |

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

(With Deloitte & Touche auditors' report dated March 13, 2025)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(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 combinations 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 | |
| Appropriation of 2022 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 68,825 | - | (68,825) | - | - | - | - | - | - | |
| Special reserve | - | - | - | - | (139,073) | 139,073 | - | - | - | - | - | - | |
| Cash dividends distributed by the Company | - | - | - | - | - | (614,397) | (614,397) | - | (614,397) | - | - | (614,397) | |
| Net income (loss) for the year ended December 31, 2023 | - | - | - | - | - | 965,992 | 965,992 | - | 965,992 | (41) | 5,650 | 971,601 | |
| Other comprehensive (loss) income for the year ended December 31, 2023 | - | - | - | - | - | (2,854) | (2,854) | (36,679) | (39,533) | - | - | (39,533) | |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | 963,138 | 963,138 | (36,679) | 926,459 | (41) | 5,650 | 932,068 | |
| Business combination under common control | - | - | - | - | - | - | - | - | - | (1,879) | - | (1,879) | |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (6,878) | (6,878) | |
| BALANCE AT DECEMBER 31, 2023 | 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 | |
| Appropriation of 2023 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 96,314 | - | (96,314) | - | - | - | - | - | - | |
| Special reserve | - | - | - | - | 36,679 | (36,679) | - | - | - | - | - | - | |
| Cash dividends distributed by the Company | - | - | - | - | - | (801,387) | (801,387) | - | (801,387) | - | - | (801,387) | |
| Net income for the year ended December 31, 2024 | - | - | - | - | - | 743,113 | 743,113 | - | 743,113 | - | 6,727 | 749,840 | |
| Other comprehensive income for the year ended December 31, 2024 | - | - | - | - | - | 4,202 | 4,202 | 185,504 | 189,706 | - | - | 189,706 | |
| Total comprehensive income for the year ended December 31, 2024 | - | - | - | - | - | 747,315 | 747,315 | 185,504 | 932,819 | - | 6,727 | 939,546 | |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (5,118) | (5,118) | |
| BALANCE AT DECEMBER 31, 2024 | 267,129 | \$ 2,671,290 | \$ 1,214,116 | \$ 496,770 | \$ 139,362 | \$ 1,195,854 | \$ 1,831,986 | \$ 46,142 | \$ 5,763,534 | \$ - | \$ 48,772 | \$ 5,812,306 | |

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

(With Deloitte & Touche audit report dated March 13, 2025)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|--|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 948,072 | \$ 1,206,976 |
| Adjustments for: | | |
| Depreciation expense | 482,043 | 454,435 |
| Amortization expense | 54 | 212 |
| Expected credit loss recognized (reversed) | 30 | (28) |
| Finance costs | 23,370 | 9,404 |
| Interest income | (79,587) | (69,075) |
| Loss (gain) on disposal of property, plant and equipment | 25,643 | (795) |
| Write-down of inventories (reversal of write-down) | 1,110 | (40,041) |
| Unrealized (gain) loss on foreign currency exchange | 33 | (540) |
| Gain from lease modification | - | (2) |
| Loss from disaster | 16,906 | - |
| Changes in operating assets and liabilities | | |
| Notes and accounts receivable | (86,931) | 119,541 |
| Inventories | (206,066) | 263,552 |
| Other current assets | (98,004) | (7,006) |
| Net defined benefit assets | (2,200) | (10,545) |
| Notes and accounts payable | 15,001 | (109,452) |
| Accounts payable to related parties | 1,352 | (123,483) |
| Other payables | 67,103 | 62,925 |
| Other payables to related parties | (1,940) | (10,967) |
| Other current liabilities | 802 | 4,134 |
| Cash generated from operations | 1,106,791 | 1,749,245 |
| Interest received | 75,923 | 65,843 |
| Interest paid | (22,799) | (9,183) |
| Income tax paid | (231,126) | (213,336) |
| Net cash generated from operating activities | <u>928,789</u> | <u>1,592,569</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at amortized cost | (333,585) | (21,273) |
| Net cash outflow from acquisition of subsidiary under common control | - | (1,879) |
| Payments for property, plant and equipment | (1,148,327) | (802,904) |
| Proceeds from disposal of property, plant and equipment | 2,676 | 2,251 |
| Increase in other non-current assets | (339) | (4,116) |
| Net cash used in investing activities | <u>(1,479,575)</u> | <u>(827,921)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 199,000 | (268,000) |
| Proceeds from long-term borrowings | 804,900 | 561,710 |
| Repayment of the principal portion of lease liabilities | (69,009) | (62,879) |
| | | (Continued) |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Decrease (increase) in other non-current liabilities | \$ 90 | \$ (4,297) |
| Distribution of cash dividends | (801,387) | (614,397) |
| Changes in non-controlling interests | <u>(5,118)</u> | <u>(6,878)</u> |
| Net cash generated from (used in) financing activities | <u>128,476</u> | <u>(394,741)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>101,640</u> | <u>(12,333)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (320,670) | 357,574 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>2,290,191</u> | <u>1,932,617</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 1,969,521</u> | <u>\$ 2,290,191</u> |

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

(With Deloitte & Touche auditors' report dated March 13, 2025)

(Concluded)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 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 December 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 March 13, 2025.

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 endorsed by the FSC for application starting from 2025

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|--|-------------------------------------|
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 1) |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 2) |

- Note 1: 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.
- Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.
- c. The IFRS Accounting Standards issued by International Accounting Standards Board (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) |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| 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 Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, 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 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

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

b. Basis of preparation

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

Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

See Note 11, Tables 6 and 7 detailed information of subsidiaries (including the percentages of ownership and main businesses).

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. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

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

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

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

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

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

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

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

k. Leases

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

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

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

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

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

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

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

l. Borrowing costs

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

Estimated Impairment of Receivables

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

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| Cash on hand | \$ 938 | \$ 867 |
| Checking accounts and demand deposits | 580,127 | 1,055,400 |
| Cash equivalents (investments with original maturities of three months or less) | | |
| Time deposits | 938,241 | 1,122,882 |
| Repurchase agreements collateralized by bonds | <u>450,215</u> | <u>111,042</u> |
| | <u>\$ 1,969,521</u> | <u>\$ 2,290,191</u> |

7. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|-------------------|------------------|
| | 2024 | 2023 |
| <u>Current</u> | | |
| Time deposits with original maturities between three months and a year | \$ 35,500 | \$ 28,000 |
| Repurchase agreement collateralized by bonds with original maturities between three months and a year | <u>4,000</u> | <u>-</u> |
| | <u>\$ 39,500</u> | <u>\$ 28,000</u> |
| The market rate intervals | 1.44%-1.69% | 1.31%-1.57% |
| <u>Non-current</u> | | |
| Corporate bonds | <u>\$ 329,119</u> | <u>\$ -</u> |

As of December 31, 2024, the Group invested 3-5-year corporate bonds with a coupon rate of 1.25% to 5.81% and an effective interest rate of 5.26% to 5.50%. 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

| | December 31 | |
|-------------------------------------|----------------------------|----------------------------|
| | 2024 | 2023 |
| Notes receivable - operating | \$ 28,193 | \$ 55,232 |
| Accounts receivable - operating | 1,257,025 | 1,128,586 |
| Less: Allowance for impairment loss | <u>(33)</u> | <u>(606)</u> |
| | <u>\$ 1,285,185</u> | <u>\$ 1,183,212</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:

December 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 | \$ 1,277,481 | \$ 6,248 | \$ 1,460 | \$ 29 | \$ - | \$ 1,285,218 |
| Loss allowance (Lifetime ECLs) | <u>(2)</u> | <u>(1)</u> | <u>(1)</u> | <u>(29)</u> | <u>-</u> | <u>(33)</u> |
| | <u>\$ 1,277,479</u> | <u>\$ 6,247</u> | <u>\$ 1,459</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,285,185</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 | \$ 1,172,954 | \$ 9,109 | \$ 1,152 | \$ - | \$ 603 | \$ 1,183,818 |
| Loss allowance (Lifetime ECLs) | <u>(3)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(603)</u> | <u>(606)</u> |
| | <u>\$ 1,172,951</u> | <u>\$ 9,109</u> | <u>\$ 1,152</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,183,212</u> |

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

| | 2024 | 2023 |
|--|--------------|---------------|
| Balance at January 1 | \$ 606 | \$ 3,093 |
| Net remeasurement of loss allowance (gain on reversal) | 30 | (28) |
| Amounts written off | (627) | (2,456) |
| Foreign currency exchange gains and losses | <u>24</u> | <u>(3)</u> |
| Balance at December 31 | <u>\$ 33</u> | <u>\$ 606</u> |

10. INVENTORIES

| | December 31 | |
|------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Finished and purchased goods | \$ 438,178 | \$ 439,801 |
| Work in process | 189,245 | 136,392 |
| Materials | <u>690,023</u> | <u>503,514</u> |
| | <u>\$ 1,317,446</u> | <u>\$ 1,079,707</u> |

The cost of goods sold for the years ended December 31, 2024 and 2023 included (write-down of inventories) reversal of write-down of inventories of \$(1,110) thousand and \$40,041 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 |
|--|--|--|----------------|-------|--------|
| | | | December 31 | | |
| | | | 2024 | 2023 | |
| The Company | Yuen Foong Yu Consumer Products Investment Limited | Investment holding | 100.0 | 100.0 | |
| | Ever Growing Agriculture Bio-tech Co., Ltd. | Manufacturing and wholesale of agricultural services, fertilizers and cleaning products. | 85.0 | 85.0 | |
| | Yuen Foong Shop Co., Ltd. | E-commerce of selling consumer products | 100.0 | 100.0 | |
| | YFY Consumer Products, Co. | Intellectual property management and e-commerce sales of consumer products | 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 | |
| YFY Investment Co., Ltd. | YFY Family Care (Kunshan) Co., Ltd. | Manufacture and sale of tissue paper and napkins | 100.0 | 100.0 | |
| | Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | Manufacture and sale of tissue paper and napkins | 100.0 | 100.0 | |
| Yuen Foong Shop Co., Ltd. | Yuen Foong Shop (HK) Limited | General trade | 100.0 | 100.0 | |
| | Livebricks Inc. | Information processing service | 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 included in the abovementioned consolidated financial statements are based on the audited amounts.

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 | 509,925 | 35,803 | 94,931 | 8,191 | 31,519 | 28,013 | 241,633 | 950,015 |
| Disposals | - | (684) | (79,711) | (7,132) | (24,006) | (8,388) | - | (119,921) |
| Loss from disaster (Note) | - | (2,030) | - | (24,408) | - | (9,511) | - | (35,949) |
| Effect of foreign currency exchange differences | - | 15,754 | 104,217 | 12,115 | 5,100 | 3,830 | 20 | 141,036 |
| Reclassifications | - | - | 519 | - | - | - | (519) | - |
| Balance at December 31, 2024 | <u>\$ 1,185,747</u> | <u>\$ 1,374,949</u> | <u>\$ 4,868,383</u> | <u>\$ 516,078</u> | <u>\$ 290,424</u> | <u>\$ 331,039</u> | <u>\$ 241,633</u> | <u>\$ 8,808,253</u> |
| Accumulated depreciation | | | | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 703,273 | \$ 2,683,648 | \$ 342,366 | \$ 208,650 | \$ 272,583 | \$ - | \$ 4,210,520 |
| Depreciation expenses | - | 55,019 | 284,519 | 24,567 | 26,835 | 19,002 | - | 409,942 |
| Disposals | - | (323) | (56,012) | (4,251) | (22,817) | (8,199) | - | (91,602) |
| Loss from disaster (Note) | - | (67) | - | (9,725) | - | (9,251) | - | (19,043) |
| Effect of foreign currency exchange differences | - | 11,508 | 72,112 | 11,653 | 4,667 | 3,085 | - | 103,025 |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ 769,410</u> | <u>\$ 2,984,267</u> | <u>\$ 364,610</u> | <u>\$ 217,335</u> | <u>\$ 277,220</u> | <u>\$ -</u> | <u>\$ 4,612,842</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 December 31, 2024 | <u>\$ 1,185,747</u> | <u>\$ 605,539</u> | <u>\$ 1,884,116</u> | <u>\$ 151,468</u> | <u>\$ 73,089</u> | <u>\$ 53,819</u> | <u>\$ 241,633</u> | <u>\$ 4,195,411</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 | - | 37,528 | 232,690 | 46,886 | 29,695 | 12,367 | 664,910 | 1,024,076 |
| Disposals | - | (7,462) | (28,723) | (3,231) | (4,266) | (9,991) | - | (53,673) |
| Effect of foreign currency exchange differences | - | (5,182) | (34,185) | (3,988) | (1,686) | (1,274) | (9) | (46,324) |
| Reclassifications | - | 160,370 | 525,200 | 32,348 | 13,228 | 5,979 | (737,125) | - |
| Balance at December 31, 2023 | <u>\$ 675,822</u> | <u>\$ 1,326,106</u> | <u>\$ 4,748,427</u> | <u>\$ 527,312</u> | <u>\$ 277,811</u> | <u>\$ 317,095</u> | <u>\$ 499</u> | <u>\$ 7,873,072</u> |
| Accumulated depreciation | | | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ 667,379 | \$ 2,465,007 | \$ 320,543 | \$ 192,562 | \$ 263,278 | \$ - | \$ 3,908,769 |
| Depreciation expenses | - | 46,923 | 270,971 | 28,212 | 21,815 | 20,017 | - | 387,938 |
| Disposals | - | (7,248) | (28,562) | (2,534) | (4,181) | (9,692) | - | (52,217) |
| Effect of foreign currency exchange differences | - | (3,781) | (23,768) | (3,855) | (1,546) | (1,020) | - | (33,970) |
| Balance at December 31, 2023 | <u>\$ -</u> | <u>\$ 703,273</u> | <u>\$ 2,683,648</u> | <u>\$ 342,366</u> | <u>\$ 208,650</u> | <u>\$ 272,583</u> | <u>\$ -</u> | <u>\$ 4,210,520</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 December 31, 2023 | <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> |

Note: Loss from disaster \$16,906 thousand accounted for as other expenses.

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 109, 125,540, 541 and 542 in Taichung City were bought in 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

| | December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| <u>Carrying amounts</u> | | |
| Land | \$ 89,910 | \$ 94,605 |
| Buildings | 139,125 | 176,658 |
| Others | <u>18,394</u> | <u>21,678</u> |
| | <u>\$ 247,429</u> | <u>\$ 292,941</u> |
| | For the Year Ended December 31 | |
| | 2024 | 2023 |
| Additions to right-of-use assets | <u>\$ 21,881</u> | <u>\$ 34,508</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 8,612 | \$ 8,558 |
| Buildings | 56,599 | 51,065 |
| Others | <u>6,890</u> | <u>6,874</u> |
| | <u>\$ 72,101</u> | <u>\$ 66,497</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 years ended December 31, 2024 and 2023.

b. Lease liabilities

| | December 31 | |
|-------------------------|--------------------|-------------|
| | 2024 | 2023 |
| <u>Carrying amounts</u> | | |
| Current | \$ 68,634 | \$ 63,180 |
| Non-current | \$ 105,031 | \$ 156,860 |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|-----------|--------------------|-------------|
| | 2024 | 2023 |
| Land | 1.08% | 1.08% |
| Buildings | 0.86%-2.37% | 0.86%-2.37% |
| Others | 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 Year Ended December 31 | |
|---|---------------------------------------|-------------|
| | 2024 | 2023 |
| Expenses relating to short-term leases and low-value asset leases | \$ 119,475 | \$ 115,297 |
| Total cash outflow for leases | \$ 190,748 | \$ 180,706 |

14. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|-----------------------|--------------------|-------------|
| | 2024 | 2023 |
| Bank credit loans | \$ 199,000 | \$ - |
| Annual interest rates | 1.83% | - |

b. Long-term borrowings

| | December 31 | |
|--|---------------------|-------------------|
| | 2024 | 2023 |
| Bank credit loans | \$ <u>1,565,230</u> | \$ <u>760,330</u> |
| Interest rates of long-term borrowings | 1.40%-1.86% | 1.26%-1.35% |

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

| | December 31 | |
|---|--------------------|-------------------|
| | 2024 | 2023 |
| Present value of defined benefit obligation | \$ 96,825 | \$ 90,610 |
| Fair value of plan assets | <u>(110,314)</u> | <u>(96,647)</u> |
| Net defined benefit assets | \$ <u>(13,489)</u> | \$ <u>(6,037)</u> |

Movements in net defined benefit (assets) liabilities were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit (Assets) Liabilities |
|---|--|--|---|
| Balance at January 1, 2023 | <u>\$ 102,023</u> | <u>\$ (101,083)</u> | <u>\$ 940</u> |
| Service cost | | | |
| Current service cost | 2,419 | - | 2,419 |
| Net interest expense (income) | <u>1,670</u> | <u>(1,747)</u> | <u>(77)</u> |
| Recognized in profit or loss | <u>4,089</u> | <u>(1,747)</u> | <u>2,342</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (373) | (373) |
| Actuarial loss - actuarial assumptions adjustments | 1,029 | - | 1,029 |
| Actuarial loss - experience adjustments | <u>2,912</u> | <u>-</u> | <u>2,912</u> |
| Recognized in other comprehensive income | <u>3,941</u> | <u>(373)</u> | <u>3,568</u> |
| Benefits paid | <u>(19,443)</u> | <u>19,443</u> | <u>-</u> |
| Contributions from the employer | <u>-</u> | <u>(12,887)</u> | <u>(12,887)</u> |
| Balance at December 31, 2023 | <u>\$ 90,610</u> | <u>\$ (96,647)</u> | <u>\$ (6,037)</u> |
| Balance at January 1, 2024 | <u>\$ 90,610</u> | <u>\$ (96,647)</u> | <u>\$ (6,037)</u> |
| Service cost | | | |
| Current service cost | 2,252 | - | 2,252 |
| Net interest expense (income) | <u>1,288</u> | <u>(1,395)</u> | <u>(107)</u> |
| Recognized in profit or loss | <u>3,540</u> | <u>(1,395)</u> | <u>2,145</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (8,681) | (8,681) |
| Actuarial loss - actuarial assumptions adjustments | 56 | - | 56 |
| Actuarial loss - experience adjustments | <u>3,373</u> | <u>-</u> | <u>3,373</u> |
| Recognized in other comprehensive income | <u>3,429</u> | <u>(8,681)</u> | <u>(5,252)</u> |
| Benefits paid | <u>(754)</u> | <u>754</u> | <u>-</u> |
| Contributions from the employer | <u>-</u> | <u>(4,345)</u> | <u>(4,345)</u> |
| Balance at December 31, 2024 | <u>\$ 96,825</u> | <u>\$ (110,314)</u> | <u>\$ (13,489)</u> |

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

| | December 31 | |
|---|--------------------|-------------|
| | 2024 | 2023 |
| Discount rate | 1.50% | 1.50% |
| Expected rate of salary increase - less than 16 years | 1.50% | 1.50% |
| Expected rate of salary increase - more than 16 years | 1.00% | 1.00% |

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

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2024 | 2023 |
| Discount rate | | |
| 0.125% increase | \$ (466) | \$ (518) |
| 0.125% decrease | \$ 470 | \$ 523 |
| Expected rate of salary increase | | |
| 0.125% increase | \$ 472 | \$ 525 |
| 0.125% decrease | \$ (469) | \$ (521) |

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

| | December 31 | |
|---|--------------------|-------------|
| | 2024 | 2023 |
| Expected contributions to the plans for the next year | \$ 2,053 | \$ 2,145 |
| Average duration of the defined benefit obligation | 4.3 years | 4.9 years |

16. EQUITY

a. Ordinary shares

| | December 31 | |
|---|--------------------|--------------|
| | 2024 | 2023 |
| Number of shares authorized (in thousands) | 350,000 | 350,000 |
| Authorized shares | \$ 3,500,000 | \$ 3,500,000 |
| Number of shares issued and fully paid (in thousands) | 267,129 | 267,129 |
| Issued shares | \$ 2,671,290 | \$ 2,671,290 |

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

b. Capital surplus

| | 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 December 31, 2024 and 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 each 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 or in the necessary situation, 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 IFRSs", should be appropriated to or reversed from a special reserve by the Company. When the deduction balance of other shareholders' equity is reversed, the surplus may be distributed thereafter.

The appropriations of earnings for 2023 and 2022, which were approved by the shareholders in their meeting on June 25, 2024 and June 28, 2023, respectively, were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|--------------|
| | 2023 | 2022 |
| Legal reserve | \$ 96,314 | \$ 68,825 |
| Appropriation (reversal) of special reserve | \$ 36,679 | \$ (139,073) |
| Cash dividends | \$ 801,387 | \$ 614,397 |
| Cash dividends per share (NT\$) | \$ 3 | \$ 2.3 |

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 13, 2025, were as follows:

| | For the Year Ended December 31, 2024 |
|---------------------------------|---|
| Legal reserve | \$ 74,732 |
| Reversal of special reserve | \$ 139,362 |
| Cash dividends | \$ 681,179 |
| Cash dividends per share (NT\$) | \$ 2.55 |

The appropriations of earnings for 2024 will be approved by the Shareholders Meeting to be held in June 2025. Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 47,163 | \$ 48,391 |
| Attributable to non-controlling interests: | | |
| Share of profit for the year | 6,727 | 5,650 |
| Employees' compensation released by subsidiaries to the Company's employees to adjust non-controlling interests | (14) | (41) |
| Cash dividends to non-controlling interests | (5,104) | (6,837) |
| Balance at December 31 | \$ 48,772 | \$ 47,163 |

17. REVENUE

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------|
| | 2024 | 2023 |
| Revenue from contracts with customers - sale of goods and rendering of services | \$ 10,896,652 | \$ 10,264,803 |

Contract Balances

| | December 31 | |
|--|---------------------|---------------------|
| | 2024 | 2023 |
| Notes receivable and accounts receivable (including related parties) | <u>\$ 1,285,185</u> | <u>\$ 1,183,212</u> |
| Contract liabilities - sale of goods and rendering of services (under other current liabilities) | <u>\$ 49,258</u> | <u>\$ 44,540</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2024 | 2023 |
| Revenue from contracts with customers - sale of goods and rendering of services | <u>\$ 42,763</u> | <u>\$ 45,342</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 Year Ended December 31 | |
|---|---------------------------------------|-----------------|
| | 2024 | 2023 |
| Interest on bank loans | \$ 22,100 | \$ 11,088 |
| Interest on lease liabilities | 2,264 | 2,530 |
| Less: Capitalization amount of interest | <u>(994)</u> | <u>(4,214)</u> |
| | <u>\$ 23,370</u> | <u>\$ 9,404</u> |

Information about capitalized interest was as follows:

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|-------------|
| | 2024 | 2023 |
| Capitalization interest rates | 1.27%-1.54% | 1.29%-1.74% |

b. Depreciation and amortization

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Right-of-use assets | \$ 72,101 | \$ 66,497 |
| Property, plant and equipment | 409,942 | 387,938 |
| Other non-current assets | <u>54</u> | <u>212</u> |
| | <u>\$ 482,097</u> | <u>\$ 454,647</u> |

(Continued)

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 410,593 | \$ 385,486 |
| Operating expenses | <u>71,450</u> | <u>68,949</u> |
| | <u>\$ 482,043</u> | <u>\$ 454,435</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ - | \$ 6 |
| Operating expenses | <u>54</u> | <u>206</u> |
| | <u>\$ 54</u> | <u>\$ 212</u> |
| | | (Concluded) |

c. Employee benefits expenses

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2024 | 2023 |
| Post-employment benefits | | |
| Defined contribution plans | \$ 29,479 | \$ 28,339 |
| Defined benefit plans | <u>2,145</u> | <u>2,342</u> |
| | 31,624 | 30,681 |
| Other employee benefits | <u>1,203,356</u> | <u>1,169,905</u> |
| Total employee benefits expense | <u>\$ 1,234,980</u> | <u>\$ 1,200,586</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 655,938 | \$ 615,861 |
| Operating expenses | <u>579,042</u> | <u>584,725</u> |
| | <u>\$ 1,234,980</u> | <u>\$ 1,200,586</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 years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 13, 2025 and 2024, respectively, were as follows:

Amount

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2024 | 2023 |
| | Cash | Cash |
| Compensation of employees | \$ 9,200 | \$ 11,850 |
| Remuneration of directors | 9,450 | 12,150 |

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 income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Current tax | | |
| In respect of the current year | \$ 211,425 | \$ 250,224 |
| Adjustments for prior years | <u>(13,679)</u> | <u>(26,078)</u> |
| | 197,746 | 224,146 |
| Deferred tax | | |
| In respect of the current year | <u>486</u> | <u>11,229</u> |
| Income tax expense recognized in profit or loss | <u>\$ 198,232</u> | <u>\$ 235,375</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2024 | 2023 |
| Profit before tax from continuing operations | <u>\$ 948,072</u> | <u>\$ 1,206,976</u> |
| Income tax expense calculated at the statutory rate (20%) | \$ 189,614 | \$ 241,395 |
| Permanent differences | (3,777) | (4,087) |
| Adjustments for prior years | (13,679) | (26,078) |
| Incurring (use) of unrecognized loss carryforwards | 22,381 | 19,697 |
| Effect of different tax rates of entities in the Group operating in other jurisdictions | <u>3,693</u> | <u>4,448</u> |
| Income tax expense recognized in profit or loss | <u>\$ 198,232</u> | <u>\$ 235,375</u> |

In July 2019, the President of our country announced an amendment to the Statute for Industrial Innovation, which specifies that the construction or acquisition of certain assets or technologies from unappropriated earnings in 2018 onwards may be recorded as deductions from the calculation of unappropriated earnings. When the Company calculated the additional levy on unappropriated earnings, the amount of capital expenditures actually invested were deducted from the calculation.

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---------------------------------------|---------------------------------------|---------------|
| | 2024 | 2023 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Remeasurement on defined benefit plan | \$ <u>(1,050)</u> | \$ <u>714</u> |

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Compre- hensive Income | Exchange Differences | Closing Balance |
|--------------------------------------|----------------------------|---|---|---------------------------------|----------------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Allowance for loss on inventories | \$ 6,931 | \$ 164 | \$ - | \$ 151 | \$ 7,246 |
| Others | <u>5,201</u> | <u>(1,758)</u> | <u>-</u> | <u>247</u> | <u>3,690</u> |
| | <u>\$ 12,132</u> | <u>\$ (1,594)</u> | <u>\$ -</u> | <u>\$ 398</u> | <u>\$ 10,936</u> |
| <u>Deferred tax liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Land value increment tax | \$ 57,133 | \$ - | \$ - | \$ - | \$ 57,133 |
| Net defined benefit assets | 1,207 | 440 | 1,050 | - | 2,697 |
| Others | <u>4,208</u> | <u>(1,548)</u> | <u>-</u> | <u>201</u> | <u>2,861</u> |
| | <u>\$ 62,548</u> | <u>\$ (1,108)</u> | <u>\$ 1,050</u> | <u>\$ 201</u> | <u>\$ 62,691</u> |

For the year ended December 31, 2023

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Compre- hensive Income | Exchange Differences | Closing Balance |
|--------------------------------------|----------------------------|---|---|---------------------------------|----------------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Allowance for loss on inventories | \$ 15,144 | \$ (8,165) | \$ - | \$ (48) | \$ 6,931 |
| Net defined benefit liability | 189 | (189) | - | - | - |
| Others | <u>1,960</u> | <u>3,340</u> | <u>-</u> | <u>(99)</u> | <u>5,201</u> |
| | <u>\$ 17,293</u> | <u>\$ (5,014)</u> | <u>\$ -</u> | <u>\$ (147)</u> | <u>\$ 12,132</u> |

(Continued)

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Compre- hensive Income | Exchange Differences | Closing Balance |
|---------------------------------|--------------------|------------------------------------|--|-------------------------|--------------------|
| <u>Deferred tax liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Land value increment tax | \$ 57,133 | \$ - | \$ - | \$ - | \$ 57,133 |
| Net defined benefit assets | - | 1,921 | (714) | - | 1,207 |
| Others | - | 4,294 | - | (86) | 4,208 |
| | <u>\$ 57,133</u> | <u>\$ 6,215</u> | <u>\$ (714)</u> | <u>\$ (86)</u> | <u>\$ 62,548</u> |
| | | | | | (Concluded) |

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

YFY Investment Co., Ltd.

| | <u>December 31</u> | |
|--------------------|--------------------|-------------------|
| | 2024 | 2023 |
| Loss carryforwards | | |
| Expiry in 2027 | \$ 225,516 | \$ 214,360 |
| Expiry in 2028 | 107,147 | 101,847 |
| Expiry in 2029 | <u>121,829</u> | <u>-</u> |
| | <u>\$ 454,492</u> | <u>\$ 316,207</u> |

YFY Family Care (Kunshan) Co., Ltd.

| | <u>December 31</u> | |
|--------------------|--------------------|------------------|
| | 2024 | 2023 |
| Loss carryforwards | | |
| Expiry in 2025 | <u>\$ 63,023</u> | <u>\$ 82,061</u> |

Livebricks Inc.

| | <u>December 31</u> | |
|--------------------|--------------------|------------------|
| | 2024 | 2023 |
| Loss carryforwards | | |
| Expiry in 2024 | \$ - | \$ 43,443 |
| Expiry in 2025 | 18,612 | 18,612 |
| Expiry in 2026 | 6,152 | 6,152 |
| Expiry in 2031 | <u>622</u> | <u>622</u> |
| | <u>\$ 25,386</u> | <u>\$ 68,829</u> |

- e. Income tax approved situation

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

20. EARNINGS PER SHARE

| | For the Year Ended December 31 | |
|-----------------------------------|---------------------------------------|----------------|
| | 2024 | 2023 |
| Basic earnings per share (NT\$) | <u>\$ 2.78</u> | <u>\$ 3.62</u> |
| Diluted earnings per share (NT\$) | <u>\$ 2.78</u> | <u>\$ 3.61</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 year:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Profit for the year attributable to owners of the Company | <u>\$ 743,113</u> | <u>\$ 965,992</u> |

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

| | For the Year Ended December 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>275</u> | <u>326</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>267,404</u> | <u>267,455</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

| | <u>December 31</u> | |
|---|--------------------|--------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost (1) | \$ 3,719,752 | \$ 3,581,407 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost (2) | 3,637,855 | 2,684,093 |

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, 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 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 Year Ended December 31 | |
|-------------------------------|---------------------------------------|---------------|
| | 2024 | 2023 |
| Profit or loss at 5% variance | | |
| USD | \$ <u>898</u> | \$ <u>571</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:

| | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Fair value interest rate risk | | |
| Financial assets | \$ <u>1,757,075</u> | \$ <u>1,261,924</u> |
| Financial liabilities | \$ <u>1,937,895</u> | \$ <u>980,370</u> |
| Cash flow interest rate risk | | |
| Financial assets | \$ <u>579,668</u> | \$ <u>1,048,680</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 years ended December 31, 2024 and 2023 would have increased/decreased as follows:

| | For the Year Ended December 31 | |
|---------------------|---------------------------------------|-------------|
| | 2024 | 2023 |
| Increase/(decrease) | \$ 580 | \$ 1,049 |

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.

| | December 31 | |
|---------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Unutilized financing facilities | <u>\$ 7,569,739</u> | <u>\$ 8,980,094</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 December 31, 2024 and 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

| Related Party Name | Related Party Category |
|--|-------------------------------|
| YFY Inc. | Parent company |
| YFY Jupiter US, Inc. | 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 |
| Ensilience Co., Ltd. | Fellow subsidiary |
| Effion Enertech 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 Development Corp. | 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 |
| Shin Foong Specialty and Applied Materials Co., Ltd. | Fellow subsidiary |
| Union Paper Corp. | Fellow subsidiary |
| Kunshan YFY Jupiter Green Packaging Ltd. | Fellow subsidiary |
| Pek Crown Paper Co., Ltd. | Fellow subsidiary |
| YFY Jupiter Limited Taiwan Branch (Hong Kong) | Fellow subsidiary |
| Sustainable Carbohydrate Innovation Co., Ltd. | Fellow subsidiary |
| Genovella Renewables Inc. | Fellow subsidiary |
| Guangdong Dingfung Pulp & Paper Co., Ltd. | Fellow subsidiary |
| Fengchuan Green Technology Co., Ltd. | Fellow subsidiary |
| Hsinex International Corp. | Substantive related party |
| Transcend Optronics (Yangzhou) Co., Ltd. | Substantive related party |
| E Ink Holdings Inc. | Substantive related party |
| Yuanhan Materials Inc. | Substantive related party |
| SinoPac Financial Holdings Co., Ltd. | Substantive related party |
| SinoPac Securities Corporation | 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 |
| Chen Yu Co., Ltd. | Substantive related party |
| Hsin Yuan Investment Co., Ltd. | Substantive related party |
| Foongtone Technology Co., Ltd. | Substantive related party |

(Continued)

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|---|-------------------------------|
| Beautone Co., Ltd. | Substantive related party |
| Ho Tien Co., Ltd. | Substantive related party |
| Hoi Toy & Play Corporation | Substantive related party |
| Hsin-Yi Enterprise Co., Ltd. | Substantive related party |
| Hsin Yi Recreation Enterprise Co., Ltd. | Substantive related party |
| Hsin-Yi Foundation | Substantive related party |
| Taiwan Stock Exchange Corporation | Substantive related party |
| Synmax Biochemical Co., Ltd. | Substantive related party |
| | (Concluded) |

b. Sales of goods

| <u>Related Party Category</u> | <u>For the Year Ended December 31</u> | |
|-------------------------------|---------------------------------------|------------------|
| | <u>2024</u> | <u>2023</u> |
| Fellow subsidiaries | \$ 54,886 | \$ 50,266 |
| Substantive related parties | 13,236 | 11,083 |
| Parent company | <u>295</u> | <u>257</u> |
| | <u>\$ 68,417</u> | <u>\$ 61,606</u> |

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

c. Purchases of goods

| <u>Related Party Category</u> | <u>For the Year Ended December 31</u> | |
|-------------------------------|---------------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Fellow subsidiaries | \$ 669,468 | \$ 796,172 |
| Substantive related parties | <u>664</u> | <u>534</u> |
| | <u>\$ 670,132</u> | <u>\$ 796,706</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

| <u>Related Party Category</u> | <u>December 31</u> | |
|-------------------------------|--------------------|-----------------|
| | <u>2024</u> | <u>2023</u> |
| Fellow subsidiaries | \$ 5,648 | \$ 4,743 |
| Substantive related parties | 2,601 | 2,598 |
| Parent company | <u>20</u> | <u>-</u> |
| | <u>\$ 8,269</u> | <u>\$ 7,341</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/Name | December 31 | |
|-----------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| Fellow subsidiaries | | |
| Chung Hwa Pulp Corporation | \$ 102,844 | \$ 110,471 |
| YFY Packaging Inc. | 28,185 | 19,143 |
| Others | <u>15,098</u> | <u>14,391</u> |
| | 146,127 | 144,005 |
| Substantive related parties | <u>24</u> | <u>46</u> |
| | <u>\$ 146,151</u> | <u>\$ 144,051</u> |

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

| Related Party Category/Name | December 31 | |
|-------------------------------------|------------------|------------------|
| | 2024 | 2023 |
| Fellow subsidiaries | | |
| YFY Paper Mfg. (Yangzhou) Co., Ltd. | \$ 26,475 | \$ 27,816 |
| YFY Development Corp | 5,249 | 2,772 |
| Others | <u>2,493</u> | <u>2,162</u> |
| | 34,217 | 32,750 |
| Substantive related parties | <u>1,816</u> | <u>1,780</u> |
| | <u>\$ 36,033</u> | <u>\$ 34,530</u> |

g. Acquisitions of property, plant and equipment

| Related Party Category | For the Year Ended December 31 | |
|------------------------|--------------------------------|-----------------|
| | 2024 | 2023 |
| Fellow subsidiaries | <u>\$ 2,625</u> | <u>\$ 5,505</u> |

h. Acquisitions of investment properties

Refer to Notes 11 and 21.

i. Lease arrangements

| Lease Liabilities | December 31 | |
|---------------------|------------------|------------------|
| | 2024 | 2023 |
| Fellow subsidiaries | <u>\$ 13,378</u> | <u>\$ 19,220</u> |

| Interest Paid | For the Year Ended December 31 | |
|---------------------|--------------------------------|---------------|
| | 2024 | 2023 |
| Fellow subsidiaries | <u>\$ 178</u> | <u>\$ 241</u> |

| Lease Paid | For the Year Ended December 31 | |
|-------------------------------------|---------------------------------------|------------------|
| | 2024 | 2023 |
| Fellow subsidiaries | | |
| YFY Paper Mfg. (Yangzhou) Co., Ltd. | \$ 36,149 | \$ 35,466 |
| Others | <u>3,682</u> | <u>3,636</u> |
| | 39,831 | 39,102 |
| Substantive related parties | <u>9,758</u> | <u>10,363</u> |
| | <u>\$ 49,589</u> | <u>\$ 49,465</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 Year Ended December 31 | |
|-------------------------------|--|-------------------|
| | 2024 | 2023 |
| Fellow subsidiaries | \$ 266,233 | \$ 291,520 |
| Substantive related parties | <u>11,478</u> | <u>10,305</u> |
| | <u>\$ 277,711</u> | <u>\$ 301,825</u> |

| Related Party Category/Name | Other Receivables from Related Parties (Accounted for as Other Current Assets) December 31 | |
|--|---|---------------|
| | 2024 | 2023 |
| Fellow subsidiaries | | |
| Kunshan YFY Jupiter Green Packaging Ltd. | <u>\$ 912</u> | <u>\$ 582</u> |

k. Remuneration of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 62,019 | \$ 53,389 |
| Others | <u>1,035</u> | <u>1,120</u> |
| | <u>\$ 63,054</u> | <u>\$ 54,509</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

As of December 31, 2024 and 2023, the Group provided the pledged deposits \$15,000 thousand (accounted as financial assets at amortized cost - current) as collateral for purchases of goods.

26. OTHER ITEMS

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, the Ministry of Environment announced the “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” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fees will be levied starting from January 1, 2025. Based on the emissions of the Group in 2024, the Group expects that it will be the entity subject to carbon fees. The Group will recognize related liability provisions based on the actual emissions in 2025 and will pay the carbon fees in May 2026.

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:

| December 31, 2024 | | | |
|------------------------------|---------------------|---------------|--------------------|
| | Foreign Currency | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items USD | \$ 769 | 32.785 | \$ 25,212 |
| <u>Financial liabilities</u> | | | |
| Monetary items USD | 221 | 32.785 | 7,245 |
| December 31, 2023 | | | |
| | Foreign Currency | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items USD | \$ 578 | 30.705 | \$ 17,747 |
| <u>Financial liabilities</u> | | | |
| Monetary items USD | 206 | 30.705 | 6,325 |

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

| Foreign Currency | For the Year Ended 2024 | | For the Year Ended 2023 | |
|---------------------|---|---|---|---|
| | Exchange Rate (Foreign Currency: Functional Currency) | Net Foreign Exchange Gains (Losses) | Exchange Rate (Foreign Currency: Functional Currency) | Net Foreign Exchange Gains (Losses) |
| USD | 32.785 (USD:NTD) | \$ 65 | 30.705 (USD:NTD) | \$ 544 |
| USD | 7.188 (USD:RMB) | <u>262</u> | 7.083 (USD:RMB) | <u>206</u> |
| | | <u>\$ 327</u> | | <u>\$ 750</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 (excluding investments in subsidiaries, associates and joint controlled entities): 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: See Table 3 attached;
- 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 4 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 attached;
- i. Trading in derivative instruments: None;
- j. Intercompany relationships and significant intercompany transactions: See Table 8 attached;
- k. Information on investees: See Table 6 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 7 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 4 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 4 and 8 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 9 attached.

29. SEGMENT INFORMATION

a. Segment revenue and results are as follows:

| | Taiwan | Mainland China | Adjustment and Elimination | Total |
|--|---------------------|---------------------------|---|----------------------|
| For the year ended <u>December 31, 2024</u> | | | | |
| Revenue from external customers | <u>\$ 7,688,714</u> | <u>\$ 3,207,938</u> | <u>\$ -</u> | <u>\$ 10,896,652</u> |
| Revenue from other internal operating segments | <u>\$ 1,498,650</u> | <u>\$ 5,185,438</u> | <u>\$ (6,684,088)</u> | <u>\$ -</u> |
| Segment profit before income tax | <u>\$ 893,389</u> | <u>\$ 54,683</u> | <u>\$ -</u> | <u>\$ 948,072</u> |
| For the year ended <u>December 31, 2023</u> | | | | |
| Revenue from external customers | <u>\$ 6,967,408</u> | <u>\$ 3,297,395</u> | <u>\$ -</u> | <u>\$ 10,264,803</u> |
| Revenue from other internal operating segments | <u>\$ 982,990</u> | <u>\$ 5,160,839</u> | <u>\$ (6,143,829)</u> | <u>\$ -</u> |
| Segment profit before income tax | <u>\$ 1,144,429</u> | <u>\$ 62,547</u> | <u>\$ -</u> | <u>\$ 1,206,976</u> |

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

1) Taiwan

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

2) Mainland China

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

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

b. Geographical information are as follows:

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

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

| | Revenue from External Customers | | Non-current Assets | |
|----------------|--|----------------------|---------------------------|---------------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Taiwan | \$ 7,688,714 | \$ 6,967,408 | \$ 3,764,354 | \$ 3,161,917 |
| Mainland China | <u>3,207,938</u> | <u>3,297,395</u> | <u>1,118,486</u> | <u>855,426</u> |
| | <u>\$ 10,896,652</u> | <u>\$ 10,264,803</u> | <u>\$ 4,882,840</u> | <u>\$ 4,017,343</u> |

c. Information on major customers

The single customer contributed 10% or more to the Group's revenue for both 2024 and 2023 was as follows:

| | For the Year Ended December 31 | | | |
|-----------|---------------------------------------|----------|---------------|----------|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| Company A | \$ 2,806,204 | 25.75 | \$ 2,693,152 | 26.24 |

TABLE 1

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

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 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 | \$ 318,203 | \$ 318,203 | \$ 2 | 3.25 | Short-term financing | \$ - | Operating capital | \$ - | - | \$ - | \$ 636,407 | \$ 636,407 | Note 6 |
| 2 | Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | YFY Investment Co., Ltd. | Other receivables from related parties | Yes | 1,361,698 | 1,361,698 | 194 | 3.25 | Short-term financing | - | Operating capital | - | - | - | 2,723,397 | 2,723,397 | Note 6 |
| 3 | YFY Investment Co., Ltd. | YFY Family Care (Kunshan) Co., Ltd. | Other receivables from related parties | Yes | 2,186,622 | 2,171,535 | - | 3.50 | Short-term financing | - | Operating capital | - | - | - | 4,343,070 | 4,343,070 | Note 6 |
| | | Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | Other receivables from related parties | Yes | 2,186,622 | 2,171,535 | - | 3.50 | Short-term financing | - | Operating capital | - | - | - | 4,343,070 | 4,343,070 | 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=\$4.560820 as of December 31, 2024.

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

TABLE 2

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

**MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of US Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | As of September 30, 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 | - | \$ 7,097 | N/A | \$ 7,097 | |
| | KOREA ELECTRIC POWER CORPORATION | - | Financial assets at amortized cost - non-current | - | 2,000 | N/A | 2,000 | |
| | INCHEON INTERNATIONAL AIRPORT CORPORATION | - | Financial assets at amortized cost - non-current | - | 942 | N/A | 942 | |

TABLE 3

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

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Types of Property | Transaction Date | Transaction Amount | Payment Term | Counterparty | Nature of Relationships | Prior Transaction of Related Counterparty | | | | Price Reference | Purpose of Acquisition | Other Terms |
|--------------|-------------------|------------------|--------------------|------------------------|----------------|-------------------------|---|---------------|---------------|--------|--|------------------------|------------------|
| | | | | | | | Owner | Relationships | Transfer Date | Amount | | | |
| The Company | Land | May 13, 2024 | \$ 327,282 | Based on the contracts | Natural person | - | NA | NA | NA | NA | Appraisal reports provided by Gold Real Estate Appraisal Co., Ltd. | Manufacturing purpose | Refer to Note 12 |

TABLE 4

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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 | Chung Hwa Pulp Corporation Yuen Foong Shop Co., Ltd. | b. | Purchases | \$ 428,245 | 10 | In agreed terms | \$ - | - | \$ (102,806) | (17) | Note 2 |
| | | a. | Sales | (1,112,985) | (15) | In agreed terms | - | - | 224,932 | 20 | |
| Ever Growing Agriculture Bio-tech Co., Ltd. | The Company | a. | Sales | (361,451) | (99) | In agreed terms | - | - | 148,661 | 100 | Note 2 |
| YFY Investment Co., Ltd. | Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | a. | Sales | (1,887,503) | (37) | In agreed terms | - | - | - | - | Note 2 |
| | Guangdong Dingfung Pulp & Paper Co., Ltd. | b. | Purchases | 123,474 | 3 | In agreed terms | - | - | - | - | |
| YFY Family Care (Kunshan) Co., Ltd. | YFY Investment Co., Ltd. | a. | Sales | (619,044) | (93) | In agreed terms | - | - | 65,917 | 99 | Note 2 |
| Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | YFY Investment Co., Ltd. | a. | Sales | (2,321,803) | (87) | In agreed terms | - | - | 228,482 | 100 | Note 2 |
| | YFY Family Care (Kunshan) Co., Ltd. | a. | Sales | (356,063) | (13) | In agreed terms | - | - | - | - | 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.

TABLE 5

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

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 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 | \$ 225,060 | 6.02 | \$ - | - | \$ 225,060 | \$ - |
| Ever Growing Agriculture Bio-tech Co., Ltd. | The Company | Parent company | 149,907 | 2.78 | - | - | 128,907 | - |
| Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | YFY Investment Co., Ltd. | Parent company | 228,485 | 10.36 | - | - | 228,485 | - |

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

TABLE 6

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

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | As of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---------------------------|--|----------------|---|-------------------|-------------------|-------------------------|-------|-----------------|-----------------------------------|------------------------|-----------|
| | | | | December 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 | \$ 3,422,493 | \$ 28,946 | \$ 28,946 | a. and b. |
| | Ever Growing Agriculture Bio-tech Co., Ltd. | Taipei, Taiwan | Manufacturing and wholesale of agricultural services, fertilizers and cleaning products | 107,595 | 107,595 | 18,245,944 | 85.0 | 269,577 | 44,965 | 36,765 | 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 | 119,613 | 54,383 | 57,071 | a. and b. |
| | YFY Consumer Products, Co. | United States | Intellectual property management and e-commerce 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 | 1,879 | 200,002 | 100.0 | 26,724 | 23,462 | 23,462 | a. and b. |

Note: a. Subsidiaries.
b. In preparing the consolidated financial statements, the transaction has been eliminated.
c. Refer to Table 7 for information on investments in mainland China.

TABLE 7

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 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 December 31, 2024 (Notes 1 and 4) | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 |
|---|---|--|---|--|---------------------|--------|---|--------------------------------------|--|----------------------------|---|---|
| | | | | | Outward | Inward | | | | | | |
| YFY Investment Co., Ltd. | Investment and holding and sale of paper | \$ 3,770,275 (US\$ 115,000 thousand) | Investment in mainland China through companies set up in another country. | \$ 3,100,641 (US\$ 94,575 thousand) | \$ - | \$ - | \$ 3,100,641 (US\$ 94,575 thousand) | \$ (34,744) (Note 2,b.) | 100.0 | \$ (34,744) (Note 2,b.) | \$ 2,159,783 | \$ - |
| YFY Family Care (Kunshan) Co., Ltd. | Manufacture and sale of tissue paper and napkins | 983,550 (US\$ 30,000 thousand) | Investment in mainland China through companies set up in another country. | - | - | - | - | 11,922 (Note 2,b.) | 100.0 | 12,586 (Note 2,b.) | 328,226 | - |
| Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | Manufacture and sale of tissue paper and napkins | 983,550 (US\$ 30,000 thousand) | Investment in mainland China through companies set up in another country. | - | - | - | - | 70,943 (Note 2,b.) | 100.0 | 70,943 (Note 2,b.) | 1,433,442 | - |

| Accumulated Investment in Mainland China as of December 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---------------------------|
| \$3,428,483 (Notes 1 and 4) | \$3,428,483 (Notes 1 and 4) | (Note 3) |

- Note 1: The exchange rates were US\$1=\$32.785 and RMB1=\$4.56082 as of December 31, 2024.
- Note 2: The recognition basis for investment gain (loss) is as follows:

a. Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
b. Financial statements audited by the ROC CPA firm.
c. Others.
- Note 3: According to Article 3 of the "Principles of Investing or Technical Cooperation in Mainland China" on August 29, 2008, companies approved by the Industrial Development Bureau, MOEA within the scope of operations of the operational headquarters are not subject to the upper limit. The Company is an eligible enterprise and is not subject to the aforementioned restrictions.
- Note 4: The disposal of entire shares of YFY Family Paper (Beijing) Co., Ltd. was completed by the subsidiary YFY Investment Co., Ltd. in August 2020. The sale proceeds have not been remitted back to Taiwan; therefore, the Company has not yet processed the deduction of the accumulated investment amount to the Investment Commission, MOEA.

TABLE 8

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 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 | \$ 1,112,985 224,932 | By market price By market price | 10.2 2.3 |
| 2 | Ever Growing Agriculture Bio-tech Co., Ltd. | The Company | Parent company | Sales Accounts receivable | 361,451 148,661 | By market price By market price | 3.3 1.5 |
| 3 | YFY Investment Co., Ltd. | Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. | Subsidiary | Sales | 1,887,503 | By market price | 17.3 |
| 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 | 2,321,803 228,482 356,063 | By market price By market price By market price | 21.3 2.3 3.3 |
| 5 | YFY Family Care (Kunshan) Co., Ltd. | YFY Investment Co., Ltd. | Parent company | Sales | 619,044 | By market price | 5.7 |

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

TABLE 9**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 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. | 17,135,815 | 6.41 |

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.