

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement 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 Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2024. The matter was addressed in the context of our audit of the parent company only 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 Company's parent company only financial statements for the year ended December 31, 2024 is as follows:

Valuation of Receivables

The Company 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 7 to the parent company only 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

Among the investments accounted for using the equity method in the Company's parent company-only financial statements, we have not audited the financial statements for the year ended December 31, 2024, and 2023, of Livebricks Inc. and YFY Consumer Products Co., and it has instead been audited by other accountants. Therefore, in our expression of an opinion on the above-mentioned parent company-only financial statements, the amounts listed in the financial statements are based on the audit reports of other accountants. The investment amounts accounted for using the equity method and audited by other accountants as of December 31, 2024, and 2023, were NT\$26,724 thousand and NT\$15,231 thousand, respectively, representing 0.3% and 0.2% of total assets. For the years ended December 31, 2024, and 2023, the share of profits and losses from subsidiaries accounted for using the equity method amounted to NT\$23,462 thousand and NT\$13,272 thousand, respectively, representing 2.5% and 1.4% of total comprehensive income.

Emphasis of Matter

As disclosed in Notes 4 and 9 to the accompanying 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 parent company only financial statements, the acquisition is disclosed as if it had occurred before January 1, 2022. Our audit result is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 a statement 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 parent company only 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-Juan Ye and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

PARENT COMPANY ONLY 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)	\$ 295,757	3	\$ 387,753	5
Notes and accounts receivable (Notes 4, 7 and 15)	884,662	10	816,455	10
Accounts receivable from related parties (Notes 4, 15 and 21)	228,751	2	148,599	2
Inventories (Notes 4 and 8)	398,769	4	385,533	4
Other current assets (Note 21)	<u>188,438</u>	<u>2</u>	<u>128,602</u>	<u>1</u>
Total current assets	<u>1,996,377</u>	<u>21</u>	<u>1,866,942</u>	<u>22</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 9)	3,811,683	41	3,566,612	43
Property, plant and equipment (Notes 4, 10 and 21)	3,285,972	35	2,659,604	32
Right-of-use assets (Notes 4 and 11)	145,568	2	181,132	2
Deferred tax assets (Notes 4 and 17)	1,283	-	1,388	-
Other non-current assets (Notes 4 and 13)	<u>101,175</u>	<u>1</u>	<u>49,747</u>	<u>1</u>
Total non-current assets	<u>7,345,681</u>	<u>79</u>	<u>6,458,483</u>	<u>78</u>
TOTAL ASSETS	<u>\$ 9,342,058</u>	<u>100</u>	<u>\$ 8,325,425</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 12)	\$ 199,000	2	\$ -	-
Notes and accounts payable	313,960	3	298,479	4
Accounts payable to related parties (Note 21)	275,462	3	236,046	3
Other payables (Note 21)	848,433	9	953,121	11
Current tax liabilities (Note 4)	109,668	1	152,052	2
Lease liabilities - current (Notes 4 and 11)	55,855	1	51,122	1
Other current liabilities (Note 15)	<u>37,942</u>	<u>1</u>	<u>32,084</u>	<u>-</u>
Total current liabilities	<u>1,840,320</u>	<u>20</u>	<u>1,722,904</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 12)	1,565,230	17	760,330	9
Deferred tax liabilities (Notes 4 and 17)	59,831	-	58,347	1
Lease liabilities - non-current (Notes 4 and 11)	93,273	1	133,172	1
Other non-current liabilities	<u>19,870</u>	<u>-</u>	<u>18,570</u>	<u>-</u>
Total non-current liabilities	<u>1,738,204</u>	<u>18</u>	<u>970,419</u>	<u>11</u>
Total liabilities	<u>3,578,524</u>	<u>38</u>	<u>2,693,323</u>	<u>32</u>
EQUITY (Notes 4, 9 and 14)				
Share capital				
Ordinary shares	<u>2,671,290</u>	<u>29</u>	<u>2,671,290</u>	<u>32</u>
Capital surplus	<u>1,214,116</u>	<u>13</u>	<u>1,214,116</u>	<u>15</u>
Retained earnings				
Legal reserve	496,770	5	400,456	5
Special reserve	139,362	2	102,683	1
Unappropriated earnings	<u>1,195,854</u>	<u>13</u>	<u>1,382,919</u>	<u>17</u>
Total retained earnings	<u>1,831,986</u>	<u>20</u>	<u>1,886,058</u>	<u>23</u>
Other equity	<u>46,142</u>	<u>-</u>	<u>(139,362)</u>	<u>(2)</u>
Total equity	<u>5,763,534</u>	<u>62</u>	<u>5,632,102</u>	<u>68</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 9,342,058</u>	<u>100</u>	<u>\$ 8,325,425</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

PARENT COMPANY ONLY 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, 15 and 21)	\$ 7,362,950	100	\$ 6,638,892	100
COST OF GOODS SOLD (Notes 4, 8, 13, 16 and 21)	<u>(5,381,399)</u>	<u>(73)</u>	<u>(4,501,766)</u>	<u>(68)</u>
GROSS PROFIT	<u>1,981,551</u>	<u>27</u>	<u>2,137,126</u>	<u>32</u>
OPERATING EXPENSES (Notes 4, 13, 16 and 21)				
Selling and marketing	(847,559)	(12)	(801,881)	(12)
General and administrative	(272,288)	(4)	(267,165)	(4)
Research and development	<u>(34,074)</u>	<u>-</u>	<u>(31,428)</u>	<u>-</u>
Total operating expenses	<u>(1,153,921)</u>	<u>(16)</u>	<u>(1,100,474)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>827,630</u>	<u>11</u>	<u>1,036,652</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 16)	(22,789)	-	(8,317)	-
Share of profit (loss) of subsidiaries (Notes 4 and 9)	122,782	2	114,824	2
Interest income (Note 4)	4,979	-	2,524	-
Other income (Note 21)	7,506	-	14,224	-
Gain (loss) on disposal of property, plant and equipment (Note 4)	(25,078)	(1)	1,337	-
Foreign exchange gain (loss) (Notes 4 and 22)	73	-	359	-
Other expenses (Notes 4 and 10)	<u>(16,906)</u>	<u>-</u>	<u>(100)</u>	<u>-</u>
Total non-operating income and expenses	<u>70,567</u>	<u>1</u>	<u>124,851</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	898,197	12	1,161,503	18
INCOME TAX EXPENSE (Notes 4 and 17)	<u>(155,084)</u>	<u>(2)</u>	<u>(195,552)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>743,113</u>	<u>10</u>	<u>965,951</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 13)	5,252	-	(3,568)	-
Tax effect of items that will not be reclassified (Notes 4 and 17)	(1,050)	-	714	-

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YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

PARENT COMPANY ONLY 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:				
Share of the other comprehensive income (loss) of subsidiaries	\$ 185,504	3	\$ (36,679)	(1)
Other comprehensive income (loss) for the year, net of income tax	189,706	3	(39,533)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 932,819	13	\$ 926,418	14
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 743,113	10	\$ 965,992	15
Equity attributable to former owner of business combination under common control (Notes 4 and 9)	-	-	(41)	-
	\$ 743,113	10	\$ 965,951	15
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 932,819	13	\$ 926,459	14
Equity attributable to former owner of business combination under common control (Notes 4 and 9)	-	-	(41)	-
	\$ 932,819	13	\$ 926,418	14
EARNINGS PER SHARE (Note 18)				
Basic	\$ 2.78		\$ 3.62	
Diluted	\$ 2.78		\$ 3.61	

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 14)		Capital Surplus (Note 14)	Retained Earnings (Note 14)				Other Equity Exchange Differences on Translation of Foreign Financial Statements (Note 4)	Equity Attributable to Former Owner of Business Combination Under Common Control (Notes 4 and 9)	Total Equity
	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
Retrospective adjustments of equity attributable to former owner due to business combination under common control	-	-	-	-	-	-	-	-	1,920	1,920
BALANCE AT JANUARY 1, 2023, AS RESTATED	267,129	2,671,290	1,214,116	331,631	241,756	963,930	1,537,317	(102,683)	1,920	5,321,960
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)
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	965,992	965,992	-	(41)	965,951
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	-	(2,854)	(2,854)	(36,679)	-	(39,533)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	963,138	963,138	(36,679)	(41)	926,418
Business combination under common control	-	-	-	-	-	-	-	-	(1,879)	(1,879)
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
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)
Net profit for the year ended December 31, 2024	-	-	-	-	-	743,113	743,113	-	-	743,113
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	4,202	4,202	185,504	-	189,706
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	747,315	747,315	185,504	-	932,819
BALANCE AT DECEMBER 31, 2024	<u>267,129</u>	<u>\$ 2,671,290</u>	<u>\$ 1,214,116</u>	<u>\$ 496,770</u>	<u>\$ 139,362</u>	<u>\$ 1,195,854</u>	<u>\$ 1,831,986</u>	<u>\$ 46,142</u>	<u>\$ -</u>	<u>\$ 5,763,534</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

PARENT COMPANY ONLY 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	\$ 898,197	\$ 1,161,503
Adjustments for:		
Depreciation expense	289,833	228,911
Expected credit loss recognized (reversed)	32	-
Finance costs	22,789	8,317
Interest income	(4,979)	(2,524)
Share of loss (profit) of subsidiaries	(122,782)	(114,824)
Loss (gain) on disposal of property, plant and equipment	25,078	(1,337)
Reversal of write-downs of inventories	(418)	(41,553)
Unrealized loss (gain) on foreign currency exchange	70	(93)
Gain from lease modification	-	(2)
Loss from disaster	16,906	-
Changes in operating assets and liabilities		
Notes and accounts receivable	(68,127)	57,660
Accounts receivable from related parties	(80,152)	6,104
Inventories	(12,817)	145,447
Other current assets	(53,542)	10,552
Net defined benefit assets	(2,200)	(10,545)
Notes and accounts payable	15,319	(16,313)
Accounts payable to related parties	39,416	(132,496)
Other payables	49,217	55,309
Other current liabilities	7,158	(4,572)
Cash generated from operations	1,018,998	1,349,544
Interest received	4,915	2,620
Dividends received	62,955	80,172
Interest paid	(22,218)	(8,095)
Income tax paid	(196,930)	(163,011)
Net cash generated from operating activities	867,720	1,261,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,105,335)	(751,906)
Proceeds from disposal of property, plant and equipment	2,612	2,063
Increase in other non-current assets	(2,784)	(1,664)
Net cash used in investing activities	(1,105,507)	(751,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	199,000	(248,000)
Proceeds from long-term borrowings	804,900	561,710
Decrease in other non-current liabilities	-	(5,607)
Repayment of the principal portion of lease liabilities	(56,722)	(51,051)
Distribution of cash dividends	(801,387)	(614,397)
Net cash generated from (used in) financing activities	145,791	(357,345)

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YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

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

	2024	2023
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (91,996)	\$ 152,378
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>387,753</u>	<u>235,375</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 295,757</u>	<u>\$ 387,753</u>

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

NOTES TO PARENT COMPANY ONLY 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 parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only 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 Company’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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The parent company only 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 (liabilities).

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income (loss) for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income (loss) of subsidiaries and the related equity items.

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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company'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 parent company only financial statements, the assets and liabilities of the Company'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.

e. 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize its share of further losses.

Any excess of acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the acquisition cost is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the estimated recoverable amount with the carrying amount based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company will recognize a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

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, and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use 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 Company 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 a Company 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 Company 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 Company 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 Company always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company 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 Company 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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company'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 Company'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 Company 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 Company measures them at their original invoice amounts without discounting.

k. Leases

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

The Company 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 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 Company 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 Company 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 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 Company'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 Company 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 Company 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

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.

o. Business construction

Business combinations involving entities under common control are accounted for at the carrying amounts of the Company. Comparative information of the prior period in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period. When the income attributable to the former shareholders of the Group prepare the balance sheets, the shares held by the former shareholders of the entities under common control belong to “Equity Attributable to Former Owner of Business Combination under Common Control”. When the Group prepares the statements of changes in equity, the income attributable to the former shareholders of the entities under common control belongs to “Retrospective Adjustments of Equity Attributable to Former Owner due to Business Combination under Common Control”.

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

In the application of the Company’s accounting policies, management is required to make judgments, estimates, and assumptions on 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 Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’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	\$ 233	\$ 233
Checking accounts and demand deposits	60,345	332,478
Cash equivalents (investments with original maturities of three months or less)		
Repurchase agreements collateralized by bonds	<u>235,179</u>	<u>55,042</u>
	<u>\$ 295,757</u>	<u>\$ 387,753</u>

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
Notes receivable - operating	\$ 13,240	\$ 23,524
Accounts receivable - operating	871,454	792,931
Less: Allowance for impairment loss	<u>(32)</u>	<u>-</u>
	<u>\$ 884,662</u>	<u>\$ 816,455</u>

The Company'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 Company 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 Company held adequate collaterals or other credit enhancements for these receivables.

The Company 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 Company'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 Company's different customer base.

The Company 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 Company 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 Company'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	\$ 883,711	\$ 954	\$ -	\$ 29	\$ -	\$ 884,694
Loss allowance (Lifetime ECLs)	(2)	(1)	-	(29)	-	(32)
	<u>\$ 883,709</u>	<u>\$ 953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884,662</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	\$ 811,793	\$ 4,662	\$ -	\$ -	\$ -	\$ 816,455
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
	<u>\$ 811,793</u>	<u>\$ 4,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,455</u>

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

	2024	2023
Balance at January 1	\$ -	\$ -
Net remeasurement of loss allowance	<u>32</u>	<u>-</u>
Balance at December 31	<u>\$ 32</u>	<u>\$ -</u>

8. INVENTORIES

	December 31	
	2024	2023
Finished and purchased goods	\$ 228,754	\$ 229,110
Work in process	67,585	65,084
Materials	<u>102,430</u>	<u>91,339</u>
	<u>\$ 398,769</u>	<u>\$ 385,533</u>

The cost of goods sold for the years ended December 31, 2024 and 2023 included reversal of inventory write-downs of \$418 thousand and \$41,553 thousand, respectively. Due to the disposal of inventories which were written down, the net realizable value of inventory increased.

9. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Non-listed (public) companies		
Yuen Foong Yu Consumer Products Investment Limited	\$ 3,422,493	\$ 3,208,043
Ever Growing Agriculture Bio-tech Co., Ltd.	269,577	261,901
Yuen Foong Shop Co., Ltd.	119,613	96,668
YFY Consumer Products Co.	<u>-</u>	<u>-</u>
	<u>\$ 3,811,683</u>	<u>\$ 3,566,612</u>

The Company's proportion of ownership and voting rights of its subsidiaries as of the balance sheet date were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	2024	2023
Yuen Foong Yu Consumer Products Investment Limited	100%	100%
Ever Growing Agriculture Bio-tech Co., Ltd.	85%	85%
Yuen Foong Shop Co., Ltd.	100%	100%
YFY Consumer Products Co.	100%	100%

The financial statements of subsidiaries included in the above mentioned financial statements are based on the audited amounts.

On March 10, 2023, the board of directors of the Company's subsidiaries, Yuen Foong Shop Co., Ltd. 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 acquired 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.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 675,822	\$ 733,541	\$ 2,552,730	\$ 294,676	\$ 175,174	\$ 222,182	\$ -	\$ 4,654,125
Additions	509,925	35,803	57,931	7,415	27,020	23,950	241,633	903,677
Disposals	-	-	(76,457)	(7,119)	(18,825)	(3,594)	-	(105,995)
Loss from disaster (Note)	-	(2,030)	-	(24,408)	-	(9,511)	-	(35,949)
Balance at December 31, 2024	<u>\$ 1,185,747</u>	<u>\$ 767,314</u>	<u>\$ 2,534,204</u>	<u>\$ 270,564</u>	<u>\$ 183,369</u>	<u>\$ 233,027</u>	<u>\$ 241,633</u>	<u>\$ 5,415,858</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 352,606	\$ 1,208,183	\$ 119,589	\$ 115,739	\$ 198,404	\$ -	\$ 1,994,521
Depreciation expenses	-	28,337	152,896	19,182	21,022	11,276	-	232,713
Disposals	-	-	(52,790)	(4,236)	(17,685)	(3,594)	-	(78,305)
Loss from disaster (Note)	-	(67)	-	(9,725)	-	(9,251)	-	(19,043)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 380,876</u>	<u>\$ 1,308,289</u>	<u>\$ 124,810</u>	<u>\$ 119,076</u>	<u>\$ 196,835</u>	<u>\$ -</u>	<u>\$ 2,129,886</u>
Carrying amounts at January 1, 2024	<u>\$ 675,822</u>	<u>\$ 380,935</u>	<u>\$ 1,344,547</u>	<u>\$ 175,087</u>	<u>\$ 59,435</u>	<u>\$ 23,778</u>	<u>\$ -</u>	<u>\$ 2,659,604</u>
Carrying amounts at December 31, 2024	<u>\$ 1,185,747</u>	<u>\$ 386,438</u>	<u>\$ 1,225,915</u>	<u>\$ 145,754</u>	<u>\$ 64,293</u>	<u>\$ 36,192</u>	<u>\$ 241,633</u>	<u>\$ 3,285,972</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 675,822	\$ 541,974	\$ 1,857,204	\$ 220,185	\$ 137,775	\$ 215,123	\$ 72,723	\$ 3,720,806
Additions	-	37,425	197,207	44,545	25,748	5,705	664,401	975,031
Disposals	-	(6,227)	(26,881)	(2,402)	(1,577)	(4,625)	-	(41,712)
Reclassifications	-	160,369	525,200	32,348	13,228	5,979	(737,124)	-
Balance at December 31, 2023	<u>\$ 675,822</u>	<u>\$ 733,541</u>	<u>\$ 2,552,730</u>	<u>\$ 294,676</u>	<u>\$ 175,174</u>	<u>\$ 222,182</u>	<u>\$ -</u>	<u>\$ 4,654,125</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 338,674	\$ 1,119,818	\$ 106,557	\$ 102,134	\$ 191,101	\$ -	\$ 1,858,284
Depreciation expenses	-	20,105	115,246	14,763	15,182	11,927	-	177,223
Disposals	-	(6,173)	(26,881)	(1,731)	(1,577)	(4,624)	-	(40,986)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 352,606</u>	<u>\$ 1,208,183</u>	<u>\$ 119,589</u>	<u>\$ 115,739</u>	<u>\$ 198,404</u>	<u>\$ -</u>	<u>\$ 1,994,521</u>
Carrying amounts at January 1, 2024	<u>\$ 675,822</u>	<u>\$ 203,300</u>	<u>\$ 737,386</u>	<u>\$ 113,628</u>	<u>\$ 35,641</u>	<u>\$ 24,022</u>	<u>\$ 72,723</u>	<u>\$ 1,862,522</u>
Carrying amounts at December 31, 2023	<u>\$ 675,822</u>	<u>\$ 380,935</u>	<u>\$ 1,344,547</u>	<u>\$ 175,087</u>	<u>\$ 59,435</u>	<u>\$ 23,778</u>	<u>\$ -</u>	<u>\$ 2,659,604</u>

Note: The loss from disaster of NT\$16,906 thousand is accounted 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	3-10 years
Miscellaneous equipment	3-10 years

According to the operational requirements, the Company'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 Company, 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 Company. The land ownership certificate is held by the Company and pledge these agricultural land to the Company when registered the property rights.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amounts</u>		
Buildings	\$ 127,687	\$ 159,855
Others	<u>17,881</u>	<u>21,277</u>
	<u>\$ 145,568</u>	<u>\$ 181,132</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 21,556</u>	<u>\$ 34,508</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 50,430	\$ 45,014
Others	<u>6,690</u>	<u>6,674</u>
	<u>\$ 57,120</u>	<u>\$ 51,688</u>

Except for the aforementioned additions and recognized depreciation, the Company 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	<u>\$ 55,855</u>	<u>\$ 51,122</u>
Non-current	<u>\$ 93,273</u>	<u>\$ 133,172</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Buildings	0.86%-1.52%	0.86%-1.29%
Others	0.86%-1.52%	0.86%-1.29%

c. Material lease-in activities and terms

The Company 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.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 51,142</u>	<u>\$ 48,939</u>
Total cash outflow for leases	<u>\$ 109,600</u>	<u>\$ 101,793</u>

12. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Bank credit loans	<u>\$ 199,000</u>	<u>\$ -</u>
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%

13. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

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 balance sheets in respect of the Company'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 Company 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

14. EQUITY

a. Ordinary shares

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

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

b. Capital surplus

	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 16(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.

15. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers - sale of goods	\$ 7,362,950	\$ 6,638,892
Contract Balances		
	December 31	
	2024	2023
Notes receivable and accounts receivable (including related parties)	\$ 1,113,413	\$ 965,054
Contract liabilities - sale of goods (under other current liabilities)	\$ 19,698	\$ 13,549

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	<u>\$ 12,100</u>	<u>\$ 13,111</u>

For information about notes receivable and accounts receivable, refer to Note 7. The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

16. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on lease liabilities	\$ 1,736	\$ 1,803
Interest on bank loans	22,047	10,720
Less: Capitalization amount of interest	<u>(994)</u>	<u>(4,206)</u>
	<u>\$ 22,789</u>	<u>\$ 8,317</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

	For the Year Ended December 31	
	2024	2023
Right-of-use assets	\$ 57,120	\$ 51,688
Property, plant and equipment	<u>232,713</u>	<u>177,223</u>
	<u>\$ 289,833</u>	<u>\$ 228,911</u>
An analysis of depreciation by function		
Operating costs	\$ 232,944	\$ 174,604
Operating expenses	<u>56,889</u>	<u>54,307</u>
	<u>\$ 289,833</u>	<u>\$ 228,911</u>

c. Employee benefits expenses

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 26,561	\$ 25,514
Defined benefit plans	<u>2,145</u>	<u>2,342</u>
	28,706	27,856
Other employee benefits	<u>787,883</u>	<u>773,301</u>
Total employee benefits expense	<u>\$ 816,589</u>	<u>\$ 801,157</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 425,585	\$ 409,154
Operating expenses	<u>391,004</u>	<u>392,003</u>
	<u>\$ 816,589</u>	<u>\$ 801,157</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 parent company only 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 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.

17. 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	\$ 167,283	\$ 210,641
Adjustments for prior years	<u>(12,738)</u>	<u>(25,593)</u>
	<u>154,545</u>	<u>185,048</u>
Deferred tax		
In respect of the current year	<u>539</u>	<u>10,504</u>
Income tax expense recognized in profit or loss	<u>\$ 155,084</u>	<u>\$ 195,552</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>\$ 898,197</u>	<u>\$ 1,161,503</u>
Income tax expense calculated at the statutory rate (20%)	\$ 179,640	\$ 233,301
Permanent differences	(24,556)	(22,965)
Income tax on Controlled Foreign Company	12,738	11,809
Adjustments for prior years	<u>(12,738)</u>	<u>(25,593)</u>
Income tax expense recognized in profit or loss	<u>\$ 155,084</u>	<u>\$ 195,552</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	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on inventories	\$ 1,311	\$ (84)	\$ -	\$ 1,227
Others	<u>77</u>	<u>(21)</u>	<u>-</u>	<u>56</u>
	<u>\$ 1,388</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 1,283</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>7</u>	<u>(6)</u>	<u>-</u>	<u>1</u>
	<u>\$ 58,347</u>	<u>\$ 434</u>	<u>\$ 1,050</u>	<u>\$ 59,831</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on inventories	\$ 9,621	\$ (8,310)	\$ -	\$ 1,311
Net defined benefit liability	189	(189)	-	-
Others	<u>154</u>	<u>(77)</u>	<u>-</u>	<u>77</u>
	<u>\$ 9,964</u>	<u>\$ (8,576)</u>	<u>\$ -</u>	<u>\$ 1,388</u>
<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	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
	<u>\$ 57,133</u>	<u>\$ 1,928</u>	<u>\$ (714)</u>	<u>\$ 58,347</u>

d. Income tax approved situation

The tax filings of the Company through 2022 have been approved by the tax authorities.

18. 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 Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company 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.

19. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company 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 Company may pay dividends, issue new shares, etc.

20. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

b. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,439,518	\$ 1,383,593
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,221,955	2,266,546

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other current assets and other non-current assets).

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, accounts payable to related parties, other payables, long-term borrowings, long-term payables (accounted as other non-current liabilities) and deposits received (accounted as other non-current liabilities).

c. Financial risk management objectives and policies

The Company'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 Company's financial performance, the Company endeavors to identify, estimate and hedge the uncertainties of the market.

The Company'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 Company did not enter into or trade financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company 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 Company is mainly exposed to the USD.

The following table details the Company'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	\$ (118)	\$ (115)

b) Interest rate risk

The carrying amounts of the Company'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	\$ 235,179	\$ 55,042
Financial liabilities	\$ 1,913,358	\$ 944,624
Cash flow interest rate risk		
Financial assets	\$ 59,918	\$ 325,760

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

Sensitivity analysis

For the Company'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 Company'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)	\$ 60	\$ 326

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company 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 balance sheets.

The Company transacts with a large number of unrelated customers in various industries. The Company continuously evaluates the financial conditions of those customers.

To maintain the quality of the accounts receivable, the Company 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 Company'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 Company has sufficient financial flexibility.

As of December 31, 2024 and 2023, the Company's unused financing facilities were \$6,681,900 thousand and \$7,847,210 thousand, respectively.

21. 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.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
YFY Consumer Products, Co.	Subsidiary
Ever Growing Agriculture Bio-tech Co., Ltd.	Subsidiary
Yuen Foong Shop Co., Ltd.	Subsidiary
Livebricks Inc.	Subsidiary
YFY Jupiter US, Inc.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Fidelis IT Solutions Co., Ltd.	Fellow subsidiary
Ensilience Co., Ltd.	Fellow subsidiary
Effion Enertech Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
YFY Paradigm Investment Co., Ltd.	Fellow subsidiary
YFY Development Corp.	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
Shin Foong Specialty and Applied Materials Co., Ltd.	Fellow subsidiary
Union Paper Corp.	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
Fengchuan Green Technology Co., Ltd.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Inc.	Substantive related party
SinoPac Financial Holdings Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
YFY Biotech 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
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/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Subsidiaries		
Yuen Foong Shop Co., Ltd.	\$ 1,112,985	\$ 658,977
Others	<u>6</u>	<u>95</u>
	1,112,991	659,072
Substantive related parties	12,100	10,606
Fellow subsidiaries	4,936	4,814
Parent company	<u>295</u>	<u>255</u>
	<u>\$ 1,130,322</u>	<u>\$ 674,747</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/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Fellow subsidiaries		
Chung Hwa Pulp Corporation	\$ 428,245	\$ 536,479
Others	<u>61,612</u>	<u>31,439</u>
	489,857	567,918
Subsidiaries	362,517	308,769
Substantive related parties	<u>240</u>	<u>162</u>
	<u>\$ 852,614</u>	<u>\$ 876,849</u>

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

d. Accounts receivable from related parties

Related Party Category/Name	December 31	
	2024	2023
Subsidiaries		
Yuen Foong Shop Co., Ltd.	\$ 224,932	\$ 144,828
Others	<u>4</u>	<u>24</u>
	224,936	144,852
Substantive related parties	2,511	2,478
Fellow subsidiaries	1,284	1,269
Parent company	<u>20</u>	<u>-</u>
	<u>\$ 228,751</u>	<u>\$ 148,599</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
Subsidiaries		
Ever Growing Agriculture Bio-tech Co., Ltd.	\$ 149,820	\$ 109,054
Fellow subsidiaries		
Chung Hwa Pulp Corporation	102,806	110,444
Others	<u>22,836</u>	<u>16,514</u>
	125,642	126,958
Substantive related parties	<u>-</u>	<u>34</u>
	<u>\$ 275,462</u>	<u>\$ 236,046</u>

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

Related Party Category	December 31	
	2024	2023
Fellow subsidiaries	\$ 6,858	\$ 4,207
Substantive related parties	1,211	1,282
Subsidiaries	<u>164</u>	<u>2,602</u>
	<u>\$ 8,233</u>	<u>\$ 8,091</u>

g. Acquisition 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. Lease arrangements

Lease Paid	For the Year Ended December 31	
	2024	2023
Substantive related parties		
Hsin-Yi Enterprise Co., Ltd.	\$ 8,249	\$ 8,249
Others	<u>-</u>	<u>114</u>
	8,249	8,363
Fellow subsidiaries	<u>1,314</u>	<u>1,314</u>
	<u>\$ 9,563</u>	<u>\$ 9,677</u>

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

i. Other transactions with related parties

Related Party Category	Miscellaneous Expenses (Accounted for as Operating Costs and Expenses)	
	2024	2023
Fellow subsidiaries	\$ 19,050	\$ 20,673
Substantive related parties	4,405	4,240
Subsidiaries	<u>9,312</u>	<u>8,996</u>
	<u>\$ 32,767</u>	<u>\$ 33,909</u>

Related Party Category/Name	Other Income (Accounted for as Non-operating Income)	
	2024	2023
Subsidiaries		
Yuen Foong Shop Co., Ltd.	1,369	1,369
Others	<u>-</u>	<u>4</u>
	<u>\$ 1,369</u>	<u>\$ 1,373</u>

Related Party Category	Other Receivables from Related Parties (Accounted for as Other Current Assets)	
	December 31	
	2024	2023
Subsidiaries	<u>\$ 447</u>	<u>\$ 27</u>

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 51,867	\$ 44,836
Others	<u>927</u>	<u>836</u>
	<u>\$ 52,794</u>	<u>\$ 45,672</u>

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

22. 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 Company in 2024, the Company expects that it will be the entity subject to carbon fees. The Company will recognize related liability provisions based on the actual emissions in 2025 and will pay the carbon fees in May 2026.

23. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on the foreign currencies other than the functional currencies of the Company 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	\$ 149	32.785	\$ 4,885
<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	\$ 131	30.705	\$ 4,022
<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)	\$ 67	30.705 (USD:NTD)	\$ 359

24. SEPARATELY DISCLOSED ITEMS

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

- a. Financing provided: None;
- b. Endorsements/guarantees provided: None;
- c. Marketable securities held: None;
- 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 1 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 2 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached;
- i. Trading in derivative instruments: None;
- j. Information on investees: See Table 4 attached;

k. 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 5 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: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - 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
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- l. 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 6 attached.

TABLE 1

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 10

TABLE 2

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

**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)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Yuen Foong Shop Co., Ltd.	a.	Sales	\$ (1,112,985)	(15)	In agreed terms	-	-	\$ 224,932	20	
	Ever Growing Agriculture Bio-tech Co., Ltd.	a.	Purchases	362,517	9	In agreed terms	-	-	(149,820)	(25)	
	Chung Hwa Pulp Corporation	b.	Purchases	428,245	10	In agreed terms	-	-	(102,806)	(17)	

Note: a. Parent company and subsidiary.
 b. Fellow subsidiaries.

TABLE 3

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

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	\$ -

TABLE 4

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

**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.
	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.
	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.
	YFY Consumer Products, Co.	United States	Intellectual property management and e-commerce sales of consumer products	-	-	-	100.0	-	-	-	a.

Note: a. Subsidiaries.
b. Refer to Table 5 for information on investments in mainland China.

TABLE 5

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

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 6**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.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of notes and accounts receivable	1
Statement of changes in investments accounted for using the equity method	2
Statement of changes in property, plant, and equipment	Note 10
Statement of other payables	3
Statement of long-term borrowings	4
Major Accounting Items in Profit or Loss	
Statement of operating revenue	5
Statement of operating costs	6
Statement of operating expenses	7
Statement of employee benefits and depreciation expenses by function	8

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Costco President Taiwan Inc.	\$ 329,449
Chuan Lian Enterprise Co., Ltd.	117,069
Presicarre Corporation	83,173
Retail Support International Corporation	62,706
Others (Note)	292,297
Less: Allowance for impairment loss	<u>(32)</u>
	<u>\$ 884,662</u>

Note: The amount included in others does not exceed 5% of the account balance.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Balance, January 1, 2024		Additions in Investment		Decrease in Investment		Share of Profit of Subsidiaries (Note 1)	Equity Adjustments (Note 2)	Balance, December 31, 2024			Market Value or Net Asset Value
	Shares	Amount	Shares	Amount	Shares	Amount (Note 3)			Shares	%	Amount	
Yuen Foong Yu Consumer Products Investment Limited	150,013,000	\$ 3,208,043	-	\$ -	-	\$ -	\$ 28,946	\$ 185,504	150,013,000	100	\$ 3,422,493	\$ 3,422,493
Ever Growing Agriculture Bio-tech Co., Ltd.	18,245,944	261,901	-	-	-	29,089	36,765	-	18,245,944	85	269,577	277,245
Yuen Foong Shop Co., Ltd.	5,000,000	<u>96,668</u>	-	<u>-</u>	-	<u>34,126</u>	<u>57,071</u>	<u>-</u>	5,000,000	100	<u>119,613</u>	<u>122,489</u>
		<u>\$ 3,566,612</u>		<u>\$ -</u>		<u>\$ 63,215</u>	<u>\$ 122,782</u>	<u>\$ 185,504</u>			<u>\$ 3,811,683</u>	<u>\$ 3,822,227</u>

- Note 1: The recognition basis for investment gain are the financial statements audited by ROC CPA firm.
- Note 2: Including exchange differences arising on translating the financial statements of foreign operations of \$185,504 thousand.
- Note 3: Including cash dividends collected of \$62,955 thousand, employee compensation paid by subsidiaries to the Company’s employees of \$260 thousand.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Amount
Payables on wages and employee benefits	\$ 154,677
Payables on channel marketing expense	117,862
Payables on equipment	107,595
Others (Note)	<u>468,299</u>
	<u>\$ 848,433</u>

Note: The amount included in others does not exceed 5% of the account balance.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Contract Period	Repayment Agreement	Interest Rates (%)	Expired within A Year	Expired after A Year	Total Amount	Collateral	Note
Credit borrowings								
Bank of Taiwan	2023.05.15-2028.05.15	Principal repayable on maturity, interest payable on a monthly basis	1.43	\$ -	\$ 340,850	\$ 340,850	-	-
Yuanta Commercial Bank	2023.03.27-2028.03.27	Principal repayable on maturity, interest payable on a monthly basis	1.48	-	24,000	24,000	-	-
The Export-Import Bank of the Republic of China	2023.05.04-2028.05.04	Principal repayable on maturity, interest payable on a monthly basis	1.40	-	901,850	901,850	-	-
Bank of Taiwan	2024.02.27-2026.02.27	Principal repayable on maturity, interest payable on a monthly basis	1.86	-	300,000	300,000	-	-
				-	1,566,700	1,566,700		
Less: Arrangement fees of syndicated bank loans				-	(1,470)	(1,470)		
				\$ -	\$ 1,565,230	\$ 1,565,230		

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Quantity (In Tons)	Amount
Paper	92,510	\$ 6,048,523
Others (Note)		<u>1,314,427</u>
		<u>\$ 7,362,950</u>

Note: The amount included in others does not exceed 10% of the account balance.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Direct materials	\$ 3,031,264
Direct labor	290,478
Manufacturing expenses	<u>861,792</u>
Manufacturing cost	4,183,534
Add (less):	
Work in process, beginning of year	65,470
Transferred to other accounts	(1,902)
Work in process, end of year	<u>(67,881)</u>
Cost of finished goods	4,179,221
Add (less):	
Finished goods, beginning of year	177,399
Finished goods, end of year	(163,593)
Transferred to other accounts	(16,110)
Write-down of inventories	<u>423</u>
Cost of homemade products sold	4,177,340
Purchased goods, beginning of year	56,500
Finished goods purchased	1,229,071
Add (less):	
Transferred to other accounts	(11,171)
Reversal of write-down of inventories	(841)
Purchased goods, end of year	<u>(69,500)</u>
	<u>\$ 5,381,399</u>

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Employee benefits expense	\$ 172,211	\$ 195,287	\$ 23,506	\$ 391,004
Freight expense	399,437	-	-	399,437
Advertising and marketing expense	151,212	-	-	151,212
Others (Note)	<u>124,699</u>	<u>77,001</u>	<u>10,568</u>	<u>212,268</u>
	<u>\$ 847,559</u>	<u>\$ 272,288</u>	<u>\$ 34,074</u>	<u>\$ 1,153,921</u>

Note: The amount included in others does not exceed 5% of the account balance.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employment benefits expense						
Salary expense	\$ 342,329	\$ 319,415	\$ 661,744	\$ 330,944	\$ 306,185	\$ 637,129
Insurance expense	37,650	26,597	64,247	35,154	26,104	61,258
Pension expense	15,017	13,689	28,706	14,523	13,333	27,856
Remuneration of directors	-	9,450	9,450	-	12,150	12,150
Other expense	30,589	21,853	52,442	28,533	34,231	62,764
	<u>\$ 425,585</u>	<u>\$ 391,004</u>	<u>\$ 816,589</u>	<u>\$ 409,154</u>	<u>\$ 392,003</u>	<u>\$ 801,157</u>
Depreciation expense	<u>\$ 232,944</u>	<u>\$ 56,889</u>	<u>\$ 289,833</u>	<u>\$ 174,604</u>	<u>\$ 54,307</u>	<u>\$ 228,911</u>

- As of December 31, 2024 and 2023, the Company had 770 and 744 employees, respectively. There were both 4 non-employee directors.
- A company whose shares are listed on the stock exchange or traded in the over-the-counter market shall disclose the following:
 - For the years ended December 31, 2024 and 2023, the average employment benefit expense was \$1,054 thousand and \$1,066 thousand, respectively. ("Total Employment Benefit Expense" - "Total Compensation for Directors and Supervisors"/"Number of Employees" - "Number of Directors Not Classified as Employees").
 - For the years ended December 31, 2024 and 2023, the average salary expense was \$864 thousand and \$861 thousand, respectively. ("Total Salary Expense"/"Number of Employees" - "Number of Directors Not Classified as Employees").
 - Average salary adjustment was 0.35% ("Current Year Average Salary Expense" - "Prior Year Average Salary Expense"/"Prior Year Average Salary Expense").
 - The Company has no supervisors.
- Salary and remuneration policy (including directors, managers and employees):
 - According to the Articles of Incorporation, if the Company made a profit based on operating results in the current year, 1% or more of the income shall be set aside as compensation of employees and 2% or less shall be distributed as remuneration of directors.
 - The total compensation paid to the executive officers which included salary, bonus, and compensation of employees is based on the salary structures of other companies operating similar businesses or with similar business scales, in order to attract outstanding executive officers with a competitive compensation package. Such compensation and remuneration are submitted to the compensation committee and the Company's board of directors for review and approval.
 - The Company participates in compensation surveys to measure pay levels in the labor market. Besides, the Company also takes into account industry pay levels in order to make adequate adjustments to the overall compensation policies. In addition to annual salary adjustment and comprehensive promotional practices, various award systems are established to attract, retain, develop, and encourage talent.