

YFY Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
YFY Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of YFY Inc. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 13 and 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$26,212,765 thousand and NT\$22,746,920 thousand, respectively, representing 19% and 17%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$8,396,842 thousand and NT\$6,834,865 thousand, respectively, representing 12% and 10%, respectively, of the consolidated total liabilities; for the three and six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these non-significant subsidiaries were a loss of NT\$263,225 thousand, a gain of NT\$74,162 thousand, a gain of NT\$680,741 thousand and a gain of NT\$476,770 thousand, respectively, representing 22%, 3%, 16% and 8%, respectively, of the consolidated total comprehensive income. As of June 30, 2022 and 2021, the carrying amounts of the above mentioned investments accounted for using the equity method were NT\$147,621 thousand and NT\$165,408 thousand, respectively; for the three and six months ended June 30, 2022 and 2021,

the amounts of comprehensive income (loss) of investments accounted for using the equity method were a loss of NT\$2,508 thousand, a gain of NT\$30,798 thousand, a loss of NT\$15,517 thousand and a gain of NT\$35,707 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2022

Notice to Readers

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

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

YFY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 8,228,185	6	\$ 6,534,090	5	\$ 6,378,336	5
Current financial assets at fair value through profit or loss (Note 7)	2,686,764	2	3,026,461	2	3,186,634	2
Current financial assets at fair value through other comprehensive income (Notes 8 and 30)	7,935,052	6	7,675,476	6	6,615,716	5
Current financial assets at amortized cost (Note 9)	3,612,150	3	4,352,267	3	4,245,482	3
Notes receivable, net (Notes 10, 21 and 31)	2,825,550	2	4,431,191	3	4,576,096	4
Accounts receivable, net (Notes 10 and 21)	12,643,351	9	13,092,096	10	12,346,969	9
Accounts receivable due from related parties, net (Notes 21 and 30)	59,257	-	71,403	-	69,048	-
Current inventories (Note 11)	11,482,125	8	11,705,050	9	10,365,271	8
Current biological assets (Note 12)	3,291,734	2	3,193,535	2	3,247,952	3
Prepayments	1,537,081	1	1,504,008	1	1,595,051	1
Other current financial assets (Note 31)	675,657	1	345,076	-	174,030	-
Other current assets, others (Note 30)	1,480,769	1	692,009	1	1,209,824	1
Total current assets	56,457,675	41	56,622,662	42	54,010,409	41
NON-CURRENT ASSETS (Note 4)						
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 30)	17,405,853	13	15,919,513	12	14,542,018	11
Non-current financial assets at amortized cost (Note 9)	819,233	1	434,148	-	431,263	-
Investments accounted for using equity method (Note 14)	6,203,015	4	6,102,801	4	6,151,744	5
Property, plant and equipment (Notes 15 and 31)	49,466,397	36	48,402,268	35	47,057,043	36
Right-of-use assets (Notes 16 and 31)	2,076,973	1	2,037,520	2	1,924,876	2
Investment property, net (Notes 17 and 30)	3,491,584	2	3,532,991	3	3,545,529	3
Goodwill	504,722	-	470,573	-	473,622	-
Deferred tax assets	331,093	-	351,334	-	363,707	-
Prepayments for business facilities (Notes 15 and 17)	1,097,729	1	1,519,458	1	2,189,021	2
Net defined benefit asset, non-current (Note 19)	789,936	1	710,988	1	450,425	-
Other non-current assets, others (Note 31)	324,407	-	330,008	-	354,828	-
Total non-current assets	82,510,942	59	79,811,602	58	77,484,076	59
TOTAL ASSETS	\$ 138,968,617	100	\$ 136,434,264	100	\$ 131,494,485	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES (Note 4)						
Current borrowings (Notes 18 and 31)	\$ 12,998,808	9	\$ 10,079,552	8	\$ 10,079,104	8
Short-term notes and bills payable (Note 18)	9,515,175	7	9,296,157	7	12,031,586	9
Current financial liabilities at fair value through profit or loss (Note 7)	44,995	-	69,687	-	33,583	-
Current contract liabilities (Note 21)	554,246	1	516,177	-	740,497	1
Notes and accounts payable	11,257,621	8	12,225,726	9	11,134,935	8
Accounts payable to related parties (Note 30)	79,924	-	57,012	-	66,716	-
Other payables, others (Note 15)	7,497,678	5	4,377,129	3	7,116,290	5
Current tax liabilities	657,268	1	1,437,612	1	1,418,439	1
Current lease liabilities (Note 16)	182,221	-	177,846	-	148,108	-
Long-term liabilities, current portion (Notes 18 and 31)	300,000	-	57,933	-	-	-
Other current liabilities, others (Note 30)	1,389,942	1	1,221,889	1	1,091,710	1
Total current liabilities	44,477,878	32	39,516,720	29	43,860,968	33
NON-CURRENT LIABILITIES (Note 4)						
Non-current portion of non-current borrowings (Notes 18 and 31)	23,693,464	17	26,519,989	20	22,062,768	17
Deferred tax liabilities	3,608,057	3	3,603,758	3	3,586,165	3
Non-current lease liabilities (Note 16)	496,602	-	471,777	-	372,958	-
Net defined benefit liability, non-current (Note 19)	41,421	-	37,233	-	43,744	-
Other non-current liabilities, others	416,423	-	478,655	-	332,742	-
Total non-current liabilities	28,255,967	20	31,111,412	23	26,398,377	20
Total liabilities	72,733,845	52	70,628,132	52	70,259,345	53
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4, 20, 25 and 27)						
Share capital	16,603,715	12	16,603,715	12	16,603,715	13
Capital surplus	3,348,899	3	3,288,518	2	2,621,630	2
Retained earnings	21,385,016	15	22,919,766	17	21,534,667	16
Other equity interest	11,126,320	8	8,389,401	6	6,205,760	5
Total equity attributable to owners of parent	52,463,950	38	51,201,400	37	46,965,772	36
NON-CONTROLLING INTERESTS	13,770,822	10	14,604,732	11	14,269,368	11
Total equity	66,234,772	48	65,806,132	48	61,235,140	47
TOTAL LIABILITIES AND EQUITY	\$ 138,968,617	100	\$ 136,434,264	100	\$ 131,494,485	100

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

(With Deloitte & Touche review report dated August 12, 2022)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022	%	2021	%	2022	%	2021	%
	Amount		Amount		Amount		Amount	
OPERATING REVENUE								
(Notes 4, 21 and 30)								
Net sales revenue	\$ 17,556,109	87	\$ 17,745,444	79	\$ 34,594,099	87	\$ 34,874,973	80
Other operating revenue, net	<u>2,509,978</u>	<u>13</u>	<u>4,804,998</u>	<u>21</u>	<u>5,287,666</u>	<u>13</u>	<u>8,989,734</u>	<u>20</u>
Total operating revenue	<u>20,066,087</u>	<u>100</u>	<u>22,550,442</u>	<u>100</u>	<u>39,881,765</u>	<u>100</u>	<u>43,864,707</u>	<u>100</u>
OPERATING COSTS (Notes 11, 22 and 30)								
Cost of sales	15,053,990	75	14,153,342	63	29,856,035	75	27,897,448	64
Other operating costs	<u>1,950,754</u>	<u>10</u>	<u>2,651,364</u>	<u>12</u>	<u>4,023,622</u>	<u>10</u>	<u>4,909,765</u>	<u>11</u>
Total operating costs	<u>17,004,744</u>	<u>85</u>	<u>16,804,706</u>	<u>75</u>	<u>33,879,657</u>	<u>85</u>	<u>32,807,213</u>	<u>75</u>
GAIN (LOSS) ON CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Notes 4 and 12)	<u>(1,070)</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>(956)</u>	<u>-</u>	<u>2,150</u>	<u>-</u>
GROSS PROFIT FROM OPERATIONS	<u>3,060,273</u>	<u>15</u>	<u>5,745,761</u>	<u>25</u>	<u>6,001,152</u>	<u>15</u>	<u>11,059,644</u>	<u>25</u>
OPERATING EXPENSES (Notes 22 and 30)								
Selling expenses	1,430,604	7	1,458,124	6	2,858,495	7	2,905,747	7
Administrative expenses	911,581	4	939,801	4	1,841,208	4	1,904,145	4
Research and development expenses	<u>148,719</u>	<u>1</u>	<u>184,297</u>	<u>1</u>	<u>300,679</u>	<u>1</u>	<u>347,446</u>	<u>1</u>
Total operating expenses	<u>2,490,904</u>	<u>12</u>	<u>2,582,222</u>	<u>11</u>	<u>5,000,382</u>	<u>12</u>	<u>5,157,338</u>	<u>12</u>
NET OPERATING INCOME	<u>569,369</u>	<u>3</u>	<u>3,163,539</u>	<u>14</u>	<u>1,000,770</u>	<u>3</u>	<u>5,902,306</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs, net (Notes 4 and 22)	(194,642)	(1)	(130,850)	(1)	(328,809)	(1)	(262,166)	(1)
Share of profit of associates accounted for using equity method, net (Notes 4 and 14)	382,185	2	332,595	2	606,507	2	552,606	1
Interest income	52,637	-	27,245	-	84,954	-	54,705	-
Rent income (Notes 17 and 30)	12,880	-	25,935	-	25,527	-	49,133	-
Dividend income	48,396	-	36,525	-	48,406	-	36,525	-
Other income, others (Note 26)	109,099	1	140,402	1	167,434	-	241,947	1
Gains on disposals of property, plant and equipment	4,762	-	18,695	-	4,436	-	18,777	-
Gains on disposals of investment property	133,414	1	-	-	133,414	-	-	-
Gains (losses) on financial assets or liabilities at fair value through profit or loss (Note 4)	482,755	2	(96,436)	-	407,580	1	(66,110)	-
Miscellaneous disbursements	(5,807)	-	(10,081)	-	(19,661)	-	(17,962)	-
Foreign exchange gains (losses) (Note 34)	<u>(616,060)</u>	<u>(3)</u>	<u>29,021</u>	<u>-</u>	<u>(532,366)</u>	<u>(1)</u>	<u>(103,825)</u>	<u>-</u>
Total non-operating income and expenses	<u>409,619</u>	<u>2</u>	<u>373,051</u>	<u>2</u>	<u>597,422</u>	<u>1</u>	<u>503,630</u>	<u>1</u>

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YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$ 978,988	5	\$ 3,536,590	16	\$ 1,598,192	4	\$ 6,405,936	14
TAX EXPENSE (Notes 4 and 23)	<u>(293,612)</u>	<u>(2)</u>	<u>(826,344)</u>	<u>(4)</u>	<u>(509,971)</u>	<u>(1)</u>	<u>(1,376,680)</u>	<u>(3)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>685,376</u>	<u>3</u>	<u>2,710,246</u>	<u>12</u>	<u>1,088,221</u>	<u>3</u>	<u>5,029,256</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 20)								
Components of other comprehensive income that will not be reclassified to profit or loss:								
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,793,655)	(9)	173,840	1	1,701,397	4	1,540,290	3
Share of other comprehensive income (loss) of associates accounted for using equity method	(265,975)	(1)	59,379	-	(117,998)	-	309,434	1
Components of other comprehensive income that will be reclassified to profit or loss:								
Exchange differences on translation	154,552	1	(526,380)	(3)	1,369,118	4	(604,921)	(1)
Gains on hedging instruments	-	-	5,441	-	-	-	5,199	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>16,341</u>	<u>-</u>	<u>(67,535)</u>	<u>-</u>	<u>153,853</u>	<u>-</u>	<u>(133,115)</u>	<u>-</u>
Other comprehensive income (loss), net	<u>(1,888,737)</u>	<u>(9)</u>	<u>(355,255)</u>	<u>(2)</u>	<u>3,106,370</u>	<u>8</u>	<u>1,116,887</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ (1,203,361)</u>	<u>(6)</u>	<u>\$ 2,354,991</u>	<u>10</u>	<u>\$ 4,194,591</u>	<u>11</u>	<u>\$ 6,146,143</u>	<u>14</u>
PROFIT, ATTRIBUTABLE TO:								
Profit, attributable to owners of parent	\$ 519,073	2	\$ 1,696,048	8	\$ 763,519	2	\$ 3,254,028	7
Profit, attributable to non-controlling interests	<u>166,303</u>	<u>1</u>	<u>1,014,198</u>	<u>4</u>	<u>324,702</u>	<u>1</u>	<u>1,775,228</u>	<u>4</u>
	<u>\$ 685,376</u>	<u>3</u>	<u>\$ 2,710,246</u>	<u>12</u>	<u>\$ 1,088,221</u>	<u>3</u>	<u>\$ 5,029,256</u>	<u>11</u>
COMPREHENSIVE INCOME, ATTRIBUTABLE TO:								
Comprehensive income (loss), attributable to owners of parent	\$ (1,228,400)	(6)	\$ 1,400,014	6	\$ 3,699,258	10	\$ 4,354,761	10
Comprehensive income (loss), attributable to non-controlling interests	<u>25,039</u>	<u>-</u>	<u>954,977</u>	<u>4</u>	<u>495,333</u>	<u>1</u>	<u>1,791,382</u>	<u>4</u>
	<u>\$ (1,203,361)</u>	<u>(6)</u>	<u>\$ 2,354,991</u>	<u>10</u>	<u>\$ 4,194,591</u>	<u>11</u>	<u>\$ 6,146,143</u>	<u>14</u>

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YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (Note 24)								
Basic earnings per share	<u>\$0.31</u>		<u>\$1.02</u>		<u>\$0.46</u>		<u>\$1.96</u>	
Diluted earnings per share	<u>\$0.31</u>		<u>\$1.02</u>		<u>\$0.46</u>		<u>\$1.96</u>	

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

(With Deloitte & Touche review report dated August 12, 2022)

(Concluded)

YFY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, not Audited)

	Equity Attributable to Owners of Parent																
	Share Capital		Capital Surplus					Retained Earnings					Other Equity				
	Shares (In Thousands)	Amount	Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Changes in Ownership Interests in Subsidiaries	Consolidation Excess	Other	Total	Legal Reserve	Special Reserve	Unappropriated Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	1,660,372	\$ 16,603,715	\$ 1,560,211	\$ 445,695	\$ 293,124	\$ 205,164	\$ 2,504,194	\$ 3,822,784	\$ 4,001,813	\$ 12,931,484	\$ 20,756,081	\$ (1,509,007)	\$ 6,633,307	\$ (3,025)	\$ 44,985,265	\$ 13,302,734	\$ 58,287,999
Appropriation of 2020 earnings	-	-	-	-	-	-	-	606,583	-	(606,583)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)	-	(2,490,557)
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(850,112)	(850,112)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(21,797)	(21,797)	-	-	1,575	1,575	-	(2,712)	-	(22,934)	(1,436)	(24,370)
Other changes in capital surplus	-	-	-	-	-	(14)	(14)	-	-	-	-	-	-	-	(14)	-	(14)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	141,571	-	-	-	141,571	-	-	647	647	4	(647)	-	141,575	31,326	172,901
Changes in ownership interests in subsidiaries	-	-	-	(2,324)	-	-	(2,324)	-	-	26	26	-	(26)	-	(2,324)	(4,526)	(6,850)
Profit for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	3,254,028	3,254,028	-	-	-	3,254,028	1,775,228	5,029,256
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	(611,381)	1,709,089	3,025	1,100,733	16,154	1,116,887
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	3,254,028	3,254,028	(611,381)	1,709,089	3,025	4,354,761	1,791,382	6,146,143
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	12,867	12,867	-	(12,867)	-	-	-	-
BALANCE AT JUNE 30, 2021	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 1,701,782</u>	<u>\$ 443,371</u>	<u>\$ 293,124</u>	<u>\$ 183,353</u>	<u>\$ 2,621,630</u>	<u>\$ 4,429,367</u>	<u>\$ 4,001,813</u>	<u>\$ 13,103,487</u>	<u>\$ 21,534,667</u>	<u>\$ (2,120,384)</u>	<u>\$ 8,326,144</u>	<u>\$ -</u>	<u>\$ 46,965,772</u>	<u>\$ 14,269,368</u>	<u>\$ 61,235,140</u>
BALANCE AT JANUARY 1, 2022	1,660,372	\$ 16,603,715	\$ 1,778,263	\$ 1,023,927	\$ 293,124	\$ 193,204	\$ 3,288,518	\$ 4,429,367	\$ 4,000,001	\$ 14,490,398	\$ 22,919,766	\$ (2,185,616)	\$ 10,575,017	\$ -	\$ 51,201,400	\$ 14,604,732	\$ 65,806,132
Appropriation of 2021 earnings	-	-	-	-	-	-	-	465,605	-	(465,605)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)	-	(2,490,557)
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	(4,981)	4,981	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,320,982)	(1,320,982)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	39,151	39,151	-	-	9	9	-	-	-	39,160	1,838	40,998
Other changes in capital surplus	-	-	-	-	-	(16)	(16)	-	-	-	-	-	-	-	(16)	-	(16)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(5,096)	-	-	-	(5,096)	-	-	-	-	-	-	-	(5,096)	508	(4,588)
Changes in ownership interests in subsidiaries	-	-	-	26,342	-	-	26,342	-	-	-	-	(6,541)	-	-	19,801	(10,607)	9,194
Profit for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	763,519	763,519	-	-	-	763,519	324,702	1,088,221
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	-	-	1,342,306	1,593,433	-	2,935,739	170,631	3,106,370
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	763,519	763,519	1,342,306	1,593,433	-	3,699,258	495,333	4,194,591
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	192,279	192,279	-	(192,279)	-	-	-	-
BALANCE AT JUNE 30, 2022	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 1,773,167</u>	<u>\$ 1,050,269</u>	<u>\$ 293,124</u>	<u>\$ 232,339</u>	<u>\$ 3,348,899</u>	<u>\$ 4,894,972</u>	<u>\$ 3,995,020</u>	<u>\$ 12,495,024</u>	<u>\$ 21,385,016</u>	<u>\$ (849,851)</u>	<u>\$ 11,976,171</u>	<u>\$ -</u>	<u>\$ 52,463,950</u>	<u>\$ 13,770,822</u>	<u>\$ 66,234,772</u>

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

(With Deloitte & Touche review report dated August 12, 2022)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 1,598,192	\$ 6,405,936
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	2,178,547	2,080,815
Expected credit loss (gain)	(29,153)	229
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(407,580)	66,110
Finance costs	328,809	262,166
Interest income	(84,954)	(54,705)
Dividend income	(48,406)	(36,525)
Share-based payments	6,422	-
Share of profit of associates accounted for using equity method	(606,507)	(552,606)
Gain on disposal of property, plant and equipment	(4,436)	(18,777)
Gain on disposal of investment properties	(133,414)	-
Loss on disposal of investments	-	1,023
Write-down of inventories (reversed)	15,630	(68,351)
Unrealized foreign exchange loss	643,195	230,995
Loss (gain) arising from changes in fair value less costs to sell of biological assets	956	(2,150)
Gain from lease modification	(6)	(1)
Gain from derecognition of subsidiary (Note 26)	-	(34,501)
Changes in operating assets and liabilities		
Decrease (increase) in current financial assets at fair value through profit or loss, mandatorily measured at fair value	931,885	(274,000)
Decrease (increase) in notes receivable, net	1,763,068	(1,214,001)
Decrease (increase) in accounts receivable, net	870,845	(821,662)
Decrease in accounts receivable due from related parties, net	12,146	29,135
Decrease (increase) in current inventories	417,412	(1,335,716)
Decrease (increase) in current biological assets	(35,334)	42,321
Decrease in prepayments	7,427	411,519
Decrease (increase) in other current assets, others	78,424	(295,508)
Decrease in financial liabilities held for trading	(175,478)	(390,656)
Increase in current contract liabilities	22,314	192,043
Increase (decrease) in notes and accounts payable	(1,558,253)	1,256,090
Increase (decrease) in accounts payable to related parties	22,912	(22,940)
Decrease in other payable, others	(671,829)	(462,497)
Increase (decrease) in other current liabilities, others	(122,020)	50,147
Decrease in net defined benefit liability, non-current	(74,760)	(306,155)
Cash inflow generated from operations	4,946,054	5,137,778

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Interest received	\$ 87,790	\$ 65,136
Dividends received	7,547	832
Interest paid	(323,979)	(265,243)
Income taxes paid	<u>(1,273,901)</u>	<u>(1,094,054)</u>
Net cash flows generated from operating activities	<u>3,443,511</u>	<u>3,844,449</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(149,706)	(75,025)
Proceeds from disposal of financial assets at fair value through other comprehensive income	116,442	46,651
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	39,145
Proceeds from disposal of (acquisition of) financial assets at amortized cost	373,359	(1,952,853)
Derecognition of subsidiary (Note 26)	-	(230)
Acquisition of property, plant and equipment	(2,336,271)	(2,721,447)
Proceeds from disposal of property, plant and equipment	12,503	39,628
Acquisition of investment properties	(311)	-
Proceeds from disposal of investment properties	190,910	-
Increase in other financial assets	(305,696)	(148,747)
Increase in other non-current assets, others	<u>(47,359)</u>	<u>(120,560)</u>
Net cash flows used in investing activities	<u>(2,146,129)</u>	<u>(4,893,438)</u>
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		
Increase in current borrowings	2,757,883	3,537,650
Increase in short-term notes and bills payable	219,018	2,632,772
Repayments of long-term debt	(2,585,681)	(5,014,317)
Payments of lease liabilities	(106,358)	(91,890)
Decrease in other non-current liabilities, others	(48,931)	(16,819)
Change in non-controlling interests	(29,304)	160,156
Overdue dividends paid	<u>(16)</u>	<u>(14)</u>
Net cash flows generated from financing activities	<u>206,611</u>	<u>1,207,538</u>

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>190,102</u>	\$ <u>(63,334)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,694,095	95,215
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,534,090</u>	<u>6,283,121</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 8,228,185</u>	<u>\$ 6,378,336</u>

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

(With Deloitte & Touche review report dated August 12, 2022)

(Concluded)

YFY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

YFY Inc. (the “Company”) was incorporated in Kaohsiung in February 1950. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since February 1977.

The Company was originally principally engaged in the manufacture and sale of paper and paper-related products and the design, manufacture and sale of equipment. To increase its sales and competitiveness, the Company carried out a restructuring of the organization and spin-off of its specialized divisions. The Company spun off the assets, liabilities, and operations of its consumer products and packaging segments to its subsidiaries, Yuen Foong Yu Consumer Products Co., Ltd., in October 2007 and YFY Packaging Inc., in September 2005.

In addition, the Company spun off the assets, liabilities and operations of its paper and cardboard business segment to Chung Hwa Pulp Corporation (CHPC) and acquired the shares issued by CHPC on October 1, 2012. After this transaction, CHPC became a subsidiary of the Company, and the Company became an investment holding company, with investment as its main business.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 12, 2022.

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

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

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

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

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

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets (excluding bearer plants) which are measured at fair value less costs to sell, net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets, investments accounted for using the equity method and the lower of cost or net realizable value on inventories.

The fair value measurements, which are grouped into Levels 1 to 3 on the basis of the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisitions or up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the share of the assets (including any goodwill) less liabilities and any non-controlling interests of the former subsidiary at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or financial assets.

Refer to Note 13 and Tables 8 and 9 for more information on subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 and the military conflict between Russia and Ukraine and related international sanctions and the economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 17,496	\$ 17,244	\$ 21,555
Checking accounts and demand deposits	4,981,867	4,313,350	5,223,636
Cash equivalents			
Time deposits	2,867,809	2,005,996	976,145
Repurchase agreements collateralized by bonds	<u>361,013</u>	<u>197,500</u>	<u>157,000</u>
	<u>\$ 8,228,185</u>	<u>\$ 6,534,090</u>	<u>\$ 6,378,336</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 209,260	\$ 3,555	\$ 48,196
Currency exchange contracts	-	237	-
Non-derivative financial assets			
Mutual funds	1,648,284	1,516,927	1,673,218
Hybrid financial assets			
Structured deposits	<u>829,220</u>	<u>1,505,742</u>	<u>1,465,220</u>
	<u>\$ 2,686,764</u>	<u>\$ 3,026,461</u>	<u>\$ 3,186,634</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 44,995</u>	<u>\$ 69,687</u>	<u>\$ 33,583</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2022</u>			
Buy	USD:RMB	2022.07.20-2023.06.21	USD35,000
Buy	USD:NTD	2022.07.18-2022.07.29	USD2,500
Buy	JPY:USD	2022.07.25	JPY200,000
Sell	USD:NTD	2022.07.01-2022.08.31	USD21,100
Sell	RMB:USD	2022.07.08-2023.06.27	RMB1,981,134
Sell	RMB:NTD	2022.07.12	RMB7,300
<u>December 31, 2021</u>			
Buy	USD:RMB	2022.01.18-2022.03.28	USD35,000
Buy	JPY:USD	2022.01.20	JPY220,000
Sell	USD:NTD	2022.01.03-2022.01.27	USD9,900
Sell	RMB:USD	2022.01.10-2022.03.24	RMB2,365,814
Sell	EUR:NTD	2022.01.26	EUR1,000
<u>June 30, 2021</u>			
Buy	USD:RMB	2021.07.07-2021.08.31	USD35,000
Buy	USD:NTD	2021.07.06-2021.07.28	USD8,500
Buy	JPY:USD	2021.07.30	JPY220,000
Sell	USD:NTD	2021.07.01-2021.08.31	USD43,700
Sell	RMB:USD	2021.07.06-2021.08.27	RMB2,420,915

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

At the end of the reporting period, outstanding currency exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Currency exchange contracts	USD:NTD	2022.02.17	USD2,000/NT55,620

The Group entered into currency exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Investments in equity instruments at FVTOCI - current</u>			
Domestic investments			
Listed shares	<u>\$ 7,935,052</u>	<u>\$ 7,675,476</u>	<u>\$ 6,615,716</u>
<u>Investments in equity instruments at FVTOCI - non-current</u>			
Domestic investments			
Listed shares	\$ 11,747,918	\$ 11,073,719	\$ 9,823,926
Unlisted shares	<u>5,535,965</u>	<u>4,711,909</u>	<u>4,393,296</u>
	17,283,883	15,785,628	14,217,222
Foreign investments			
Unlisted shares	<u>121,970</u>	<u>133,885</u>	<u>324,796</u>
	<u>\$ 17,405,853</u>	<u>\$ 15,919,513</u>	<u>\$ 14,542,018</u>

The Group invested in listed and unlisted on domestic or foreign equity securities and elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months and not exceeding 1 year	\$ 3,612,150	\$ 4,135,193	\$ 4,029,851
Time deposits with original maturities of more than 1 year	<u>-</u>	<u>217,074</u>	<u>215,631</u>
	<u>\$ 3,612,150</u>	<u>\$ 4,352,267</u>	<u>\$ 4,245,482</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 819,233</u>	<u>\$ 434,148</u>	<u>\$ 431,263</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months and not exceeding 1 year were 0.15%-3.50%, 0.18%-2.10% and 0.20%-2.10% as of June 30, 2022, December 31, 2021 and June 30, 2021.

The ranges of interest rates for time deposits with original maturities of more than 1 year were 3.99%, 3.96%-3.99% and 3.96%-3.99% as of June 30, 2022, December 31, 2021 and June 30, 2021.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
Notes receivable	\$ 2,826,315	\$ 4,431,956	\$ 4,578,861
Less: Allowance for impairment loss	<u>(765)</u>	<u>(765)</u>	<u>(2,765)</u>
	<u>\$ 2,825,550</u>	<u>\$ 4,431,191</u>	<u>\$ 4,576,096</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 12,908,562	\$ 13,381,480	\$ 12,545,702
Less: Allowance for impairment loss	<u>(265,211)</u>	<u>(289,384)</u>	<u>(198,733)</u>
	<u>\$ 12,643,351</u>	<u>\$ 13,092,096</u>	<u>\$ 12,346,969</u>

Notes receivable and accounts receivable were generated by operating activities.

The Group reviews the recoverable amounts at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's

historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

June 30, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 14,213,401	\$ 1,118,696	\$ 169,192	\$ 28,206	\$ 205,382	\$ 15,734,877
Loss allowance (Lifetime ECLs)	<u>(44,927)</u>	<u>(5,270)</u>	<u>(1,956)</u>	<u>(9,359)</u>	<u>(204,464)</u>	<u>(265,976)</u>
Amortized cost	<u>\$ 14,168,474</u>	<u>\$ 1,113,426</u>	<u>\$ 167,236</u>	<u>\$ 18,847</u>	<u>\$ 918</u>	<u>\$ 15,468,901</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 16,443,657	\$ 874,272	\$ 217,322	\$ 46,840	\$ 231,345	\$ 17,813,436
Loss allowance (Lifetime ECLs)	<u>(14,809)</u>	<u>(14,044)</u>	<u>(25,972)</u>	<u>(4,080)</u>	<u>(231,244)</u>	<u>(290,149)</u>
Amortized cost	<u>\$ 16,428,848</u>	<u>\$ 860,228</u>	<u>\$ 191,350</u>	<u>\$ 42,760</u>	<u>\$ 101</u>	<u>\$ 17,523,287</u>

June 30, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 16,132,764	\$ 818,286	\$ 33,871	\$ 12,330	\$ 127,312	\$ 17,124,563
Loss allowance (Lifetime ECLs)	<u>(46,058)</u>	<u>(7,679)</u>	<u>(20,746)</u>	<u>(542)</u>	<u>(126,473)</u>	<u>(201,498)</u>
Amortized cost	<u>\$ 16,086,706</u>	<u>\$ 810,607</u>	<u>\$ 13,125</u>	<u>\$ 11,788</u>	<u>\$ 839</u>	<u>\$ 16,923,065</u>

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 290,149	\$ 430,271
Add: Net remeasurement of loss allowance (gain on reversal)	(29,153)	229
Less: Amounts written off	(240)	(226,411)
Effect of foreign currency exchange differences	<u>5,220</u>	<u>(2,591)</u>
Balance at June 30	<u>\$ 265,976</u>	<u>\$ 201,498</u>

For the six months ended June 30, 2022 and 2021, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$1,646,255 thousand and \$836,849 thousand. For information on the transfer of financial instruments, refer to Note 29.

The carrying amount of notes receivable pledged as collateral was disclosed in Note 31.

11. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Materials	\$ 5,406,013	\$ 5,581,643	\$ 5,110,497
Finished and purchased goods	5,069,130	5,190,371	4,373,434
Work-in-process	<u>1,006,982</u>	<u>933,036</u>	<u>881,340</u>
	<u>\$ 11,482,125</u>	<u>\$ 11,705,050</u>	<u>\$ 10,365,271</u>

The cost of goods sold for the three and six months ended June 30, 2022 and 2021 included inventory write-downs of \$8,111 thousand, \$15,630 thousand, and inventory write-downs reversed of \$21,434 thousand and \$68,351 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices.

12. BIOLOGICAL ASSETS

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 3,193,535	\$ 3,327,526
Increases due to planting	157,681	74,399
Gain (loss) on changes in fair value less costs to sell	(956)	2,150
Decreases due to harvesting	(122,347)	(116,720)
Effect of foreign currency exchange differences	<u>63,821</u>	<u>(39,403)</u>
Balance at June 30	<u>\$ 3,291,734</u>	<u>\$ 3,247,952</u>

The Group's biological assets are eucalyptus located in Guangdong Province, Zhaoqing City. The eucalyptus is mainly grown for pulp manufacturing.

The fair values of biological assets (before deducting costs to sell) which are recurring fair value measurements were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Eucalyptus (Level 3)	<u>\$ 3,397,178</u>	<u>\$ 3,295,021</u>	<u>\$ 3,354,896</u>

The movements in the fair value of the assets within Level 3 of the hierarchy were as follows:

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 3,295,021	\$ 3,437,755
Increases due to planting	166,541	78,078
Gain (loss) on changes in fair value less costs to sell	(1,010)	2,257
Decreases due to harvesting	(129,222)	(122,492)
Effect of foreign currency exchange differences	<u>65,848</u>	<u>(40,702)</u>
Balance at June 30	<u>\$ 3,397,178</u>	<u>\$ 3,354,896</u>

13. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements (for the diagram of investment structure of the Group as at June 30, 2022, refer to Table 1):

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
YFY Inc.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	57.8	57.8	57.8	1)
	YFY International B.V.	Investment and holding	100.0	100.0	100.0	1)
	YFY Global Investment B.V.	Investment and holding	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper-related merchandise	59.1	59.1	64.5	1) and 15)
	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex	48.0	48.0	48.3	1) and 2)
	China Color Printing Co., Ltd.	Design and printing of magazines, posters and books	49.7	49.7	49.7	2)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	100.0	49.0	49.0	20)
	YFY Development Corp.	Real estate investment and development	100.0	100.0	100.0	1) and 4)
	YFY Corporate Advisory & Services Co., Ltd.	Consulting	100.0	100.0	100.0	
	Union Paper Corp.	Manufacture and sale of paper	18.9	18.9	18.9	2)
	YFY Paradigm Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	1)
	San Ying Enterprise Co., Ltd.	Design and construction of water processing and environmental facilities	100.0	100.0	100.0	
	YFY Japan Co., Ltd.	Trade of paper, chemical material and machinery	100.0	100.0	100.0	
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	50.9	50.9	50.9	
	Fidelis IT Solutions Co., Ltd.	a. Provides services in information software and information processing.	100.0	100.0	100.0	
	Sustainable Carbohydrate Innovation Co., Ltd.	b. Wholesale of information software and electric appliances. Researching and development	100.0	100.0	100.0	
		YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper	100.0	100.0	100.0
YFY International B.V.	Guangdong Dingfeng Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	40.0	40.0	40.0	
	Zhaoqing Dingfeng Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	13.5	13.5	13.5	
	Hwa Fong Paper (Hong Kong) Co., Ltd.	Sale and print of paper merchandise	100.0	100.0	100.0	
	YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	94.0	94.0	94.0	
YFY Mauritius Corp.	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	100.0	100.0	100.0	
	YFY Biopulp Technology Limited	Investment and holding	60.0	60.0	60.0	
	YFY Mauritius Corp.	Investment and holding	100.0	100.0	100.0	1)
	YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	3)
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	-	-	64.6	3)
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	93.8	3)
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	100.0	3)
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	-	-	90.0	3)
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	100.0	100.0	35.4	3)
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	93.8	93.8	-	3)
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	-	3)
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	90.0	90.0	-	3)
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	10.0	10.0	10.0	
	YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Investment and holding	100.0	100.0	100.0
Winsong Packaging Investment Company Limited	YFY Packaging Capital Corp.	Investment and holding	-	-	-	7)
	Winsong Packaging Investment Company Limited	Investment and holding	70.0	70.0	70.0	
	Willpower Industries Ltd.	Sale of various paper products	100.0	100.0	55.2	12)
	YFYPack Advance Ltd.	Investment and holding	100.0	100.0	100.0	9)
	YFY Packaging (Ha Nam) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Packaging Thai Binh Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Manufacture and sale of cardboard	100.0	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Investment and holding	100.0	100.0	100.0	
	YFY Jupiter Limited	Design of packaging and sale of paper	100.0	100.0	100.0	
	Jupiter Prestige Group Holdings Limited	Investment and holding	58.3	58.3	58.3	8)
	YFY Jupiter US, Inc.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	99.0	99.0	99.0	
YFY Jupiter US, Inc.	YFY Jupiter Indonesia, PT PMA	Design of packaging	1.0	1.0	1.0	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper	1.0	1.0	1.0	
	Spectiv Brands, LLC	General trade	100.0	100.0	100.0	
Mobius105 Ltd.	YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	1.0	1.0	1.0	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper	99.0	99.0	99.0	
	YFY Jupiter Indonesia, PT PMA	Design of packaging	99.0	99.0	99.0	
	Jupiter Vietnam Company Limited	Design of packaging	100.0	100.0	100.0	
YFY Jupiter (Shenzhen) Ltd.	Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	100.0	100.0	100.0	
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	Graphic design	100.0	100.0	100.0	
	Jupiter Prestige Group Australia Pty Ltd.	Graphic design	100.0	100.0	100.0	
	Opal BPM Limited	Design of process system and assistance in graphic design	82.5	82.5	82.5	
Jupiter Prestige Group North America Inc.	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper	100.0	100.0	100.0	
	Contrast LLC	Brand Design	80.0	80.0	80.0	10)
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Graphic design	100.0	100.0	100.0	
Opal BPM Limited	Opal BPM India Private Limited	Workflow system coding	100.0	100.0	100.0	
	Opal BPM Consulting Limited	Consulting services of workflow system coding	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	-	-	-	5)
YFY Paper Enterprise (Xiamen) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	-	-	-	5)
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	Investment and holding	100.0	100.0	100.0	
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	66.8	66.8	66.8	
	YFY Cayman Co., Ltd.	Investment and holding	100.0	100.0	100.0	
YFY Global Investment B.V.	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding	86.5	-	-	14)
	YFY RFID Co. Limited	Investment and holding	-	86.5	100.0	14)
	YFY Jupiter (BVI) Inc.	Investment and holding	83.7	85.3	85.3	13)
	YFY RFID Technologies Co., Ltd.	Investment and holding	100.0	100.0	100.0	
Arizon RFID Technology (Cayman) Co., Ltd.	YFY RFID Co. Limited	Investment and holding	100.0	-	-	14)
YFY RFID Co. Limited	Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	99.98	99.98	86.5	14)
	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding	-	100.0	-	14) and 17)
Arizon RFID Technology Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	100.0	100.0	100.0	
	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Product distribution and R&D services	100.0	100.0	100.0	
	Arizon JAPAN Co., Ltd.	Product distribution and technical consulting services	100.0	100.0	100.0	
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Sale and design of RFID (radio frequency identification) products	100.0	100.0	100.0	
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Investment and holding	100.0	100.0	100.0	
	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	Sale of consumer products in e-commerce	100.0	100.0	100.0	
	YFY Consumer Products Co., Ltd.	IP management and sale of consumer products by e-commerce	100.0	100.0	100.0	6)
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
Shin Foong Specialty and Applied Materials Co., Ltd.	Shin Foong Trading Sdn. Bhd.	Sale of SBR (styrene butadiene rubber) and industrial chemicals	100.0	100.0	100.0	
YFY Development Corp.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.1	0.1	0.1	1)
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper-related merchandise	1.9	1.9	2.1	1) and 15)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	-	1.0	1.0	20)
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	Investment and holding	100.0	100.0	100.0	
YFY Capital Holdings Corp.	YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	100.0	100.0	100.0	
YFY Paradigm Investment Co., Ltd.	Union Paper Corp.	Manufacture and sale of paper	4.1	4.1	4.1	2)
	YFY Biotech Management Co., Ltd.	Consulting	100.0	100.0	100.0	
	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.7	0.7	0.7	1)
	Livebricks Inc.	Information processing services	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper-related merchandise	6.5	6.5	6.4	1) and 15)
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	0.07	0.07	0.07	
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	0.03	0.03	0.03	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	-	-	100.0	11)
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	
San Ying Enterprise Co., Ltd.	Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	-	-	66.4	16)
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Investment and holding	100.0	100.0	100.0	
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	-	49.0	49.0	20)
	Hwa Fong Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	
CHP International (BVI) Corporation	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	60.0	60.0	60.0	
	Zhaoping Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	20.2	20.2	20.2	
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	100.0	100.0	100.0	
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	-	1.0	1.0	20)
	Genovella Renewables Inc.	Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	100.0	100.0	100.0	
	Union Paper Corp.	Manufacture and sale of paper	5.5	4.1	0.46	2) and 19)
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoping Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	66.3	66.3	66.3	
	Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	100.0	100.0	100.0	
	Zhaoping Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flue gas, noise and solid waste treatment; pure water treatment construction; environmental technology consulting; sale of environmental protection equipment and chemical raw material; import and export of cargo and technology	100.0	100.0	100.0	
Zhaoping Dingfung Forestry Co., Ltd.	Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	67.0	67.0	-	18)

(Concluded)

Remarks:

- 1) Except for YFY International B.V., YFY Mauritius Corp., Chung Hwa Pulp Corporation, Yuen Foong Yu Consumer Products Co., Ltd., YFY Packaging Inc., Shin Foong Specialty and Applied Materials Co., Ltd., YFY Paradigm Investment Co., Ltd., YFY Development Corp., and investees mentioned in Tables 8 and 9, the financial statements of the remaining non-significant subsidiaries were not reviewed by the auditors.
- 2) China Color Printing Co., Ltd. and Union Paper Corp. were deemed subsidiaries because the Group had substantial control over them even though the Group held less than 50% equity interest in each of the subsidiaries' voting shares; the Group disposed of its partial ownership of Shin Foong Specialty and Applied Materials Co., Ltd. and equity changes such as employee share options, which reduced its shareholding ratio to 48.0%. Shin Foong Specialty and Applied Materials Co., Ltd. was deemed a subsidiary since the Group did not cease to have control over these subsidiaries.

- 3) In order to improve the investment management efficiency and management performance of packaging business in mainland China, the Company's board of directors approved the investment structure adjustment of packaging business in mainland China in December 2020. The Company proceeds with the investment structure adjustment which included 11 subsidiaries with YFY Packaging (Yangzhou) Investment Co., Ltd. as the holding company. The application was approved by the competent authority in March 2021 and the above process was completed in December 2021.
- 4) In order to specialize on its major business operation, the Company's board of directors approved the "division spin-off capital reduction proposal" that spin-off assets, liabilities and business operation of the Chenggong plant of YFY Packaging Inc., integrate them into YFY Development Corp. and issue new shares by YFY Development Corp. as the consideration for the transfer of the division in January 2021. The above process has been finished in January 2021.
- 5) Kunshan YFY Advertising and Printing Co., Ltd. entered the bankruptcy procedure in January 2021. Due to the Group's loss of control, it has not been included in the consolidated financial statements since January 2021, refer to Note 26.
- 6) YFY Consumer Products, Co. was established in February 2021 and has been included in the consolidated financial statements since then.
- 7) YFY Packaging Capital Corp. entered the liquidation in March 2021. Due to the Group's loss of control, it has not been included in the consolidated financial statements since March 2021.
- 8) YFY Jupiter (BVI) Inc. acquired 1.3% ownership of Jupiter Prestige Group Holdings Limited for the three months ended March 31, 2021. Thus, the shareholding ratio of the YFY Jupiter (BVI) Inc. in Jupiter Prestige Group Holdings Limited increased to 58.3%.
- 9) YFYPack Advance Ltd. was established in May 2021 and had been included in the consolidated financial statements. YFYPack Advance Ltd. was liquidated in response to the Group's operational strategy. Due to the Group's loss of control, it has not been included in the consolidated financial statements since January 2022.
- 10) Jupiter Prestige Group North America Inc. acquired 20.0% ownership of Contrast LLC for the six months ended June 30, 2021. Thus, the shareholding ratio of the Jupiter Prestige Group North America Inc. in Contrast LLC increased to 80.0%.
- 11) In order to respond the changes in the mainland China market, the board of directors of the subsidiary, Yuen Foong Shop Co., Ltd., resolved to dispose of all of its ownership of Shanghai YFY International Trade Co., Ltd. in July 2021. The disposal was completed in August 2021.
- 12) The Company's board of directors approved YFY Cayman Co., Ltd. to acquire all shares of Willpower Industries Ltd. owned by Great Pacific Investments Limited in August 2021. Thus, the shareholding ratio of the YFY Cayman Co., Ltd. in Willpower Industries Ltd. increased to 100%.
- 13) Due to the equity changes such as YFY Jupiter (BVI) Inc. purchase of treasury shares and transfer of treasury shares to employees, the shareholdings ratio of the YFY Global Investment B.V. in YFY Jupiter (BVI) Inc. were changed.
- 14) In September 2021, the Company's board of directors approved the resolution of submitting the listed application of the Arizon RFID Technology Co., Ltd. on the stock exchange in Taiwan and carried out a restructuring of the organization. After the adjustment, Arizon RFID Technology (Cayman) Co., Ltd. are expected to be the main entity listed in Taiwan. Due to the restructuring, part of the shareholding ratio was changed, but the Group did not cease to have control over these subsidiaries.

- 15) Due to the equity changes, the Group's subscription of additional shares of Yuen Foong Yu Consumer Products Co., Ltd. at a percentage different from its existing ownership percentage in September 2021, the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 66.9%. In October 2021, the Group acquired 0.6% shareholding in Yuen Foong Yu Consumer Products Co., Ltd., and the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. increased to 67.5%.
- 16) In response to the changes in the mainland China market, the board of directors of the subsidiary, San Ying Enterprise Co., Ltd., resolved to dispose of all of its ownership of Kunshan Actview Carbon Technology Co., Ltd. in September 2021. The disposal was completed in December 2021.
- 17) Arizon RFID Technology (Cayman) Co., Ltd. was established in October 2021 and included in the consolidated financial statements.
- 18) Guizhou Yuanfung Forestry Co., Ltd. was established in December 2021 and included in the consolidated financial statements.
- 19) Hwa Fong Investment Co., Ltd. acquired 0.44%, 3.64% and 1.4% ownership of Union Paper Corp. respectively, for the six months ended in June 2021, from July through December in 2021 and for the six months ended in June 2022, respectively. Thus, the shareholding ratio of the Hwa Fong Investment Co., Ltd. in Union Paper Corp. was increased to 5.5%.
- 20) In order to improve management performance, the Group carried out a restructuring of the organization. Chung Hwa Pulp Corporation, YFY Development Corp. and Hwa Fong Investment Co., Ltd. sold their shares in Effion Eneritech Co., Ltd. to the Company. The above process was completed in March 2022.

Refer to Tables 8 and 9 for the information on place of incorporation and principal place of business.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2022	December 31, 2021	June 30, 2021
Chung Hwa Pulp Corporation	41.4%	41.4%	41.4%
<u>Chung Hwa Pulp Corporation and subsidiaries</u>			
	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 14,895,559	\$ 14,411,937	\$ 14,007,922
Non-current assets	19,613,212	19,556,519	19,716,879
Current liabilities	(13,451,354)	(13,203,844)	(12,657,451)
Non-current liabilities	(3,481,054)	(3,131,048)	(3,446,124)
Equity	17,576,363	17,633,564	17,621,226
Consolidated adjustments	94,109	94,109	94,109
Adjusted equity	<u>\$ 17,670,472</u>	<u>\$ 17,727,673</u>	<u>\$ 17,715,335</u>

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Equity attributable to:			
Owners of Chung Hwa Pulp Corporation	\$ 9,033,040	\$ 9,117,982	\$ 9,093,715
Non-controlling interests of Chung Hwa Pulp Corporation	6,385,494	6,445,539	6,428,383
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>2,251,938</u>	<u>2,164,152</u>	<u>2,193,237</u>
	<u>\$ 17,670,472</u>	<u>\$ 17,727,673</u>	<u>\$ 17,715,335</u> (Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 6,221,758</u>	<u>\$ 5,741,225</u>	<u>\$ 11,748,525</u>	<u>\$ 11,218,503</u>
Profit for the period	\$ 184,796	\$ 420,433	\$ 133,213	\$ 521,866
Other comprehensive income (loss) for the period	<u>(249,544)</u>	<u>(31,696)</u>	<u>248,309</u>	<u>117,075</u>
Total comprehensive income (loss) for the period	<u>\$ (64,748)</u>	<u>\$ 388,737</u>	<u>\$ 381,522</u>	<u>\$ 638,941</u>
Profit attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ 94,755	\$ 239,074	\$ 63,423	\$ 294,631
Non-controlling interests of Chung Hwa Pulp Corporation	66,584	169,003	39,860	208,276
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>23,457</u>	<u>12,356</u>	<u>29,930</u>	<u>18,959</u>
	<u>\$ 184,796</u>	<u>\$ 420,433</u>	<u>\$ 133,213</u>	<u>\$ 521,866</u>
Total comprehensive income (loss) attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ (20,696)	\$ 229,367	\$ 190,394	\$ 378,744
Non-controlling interests of Chung Hwa Pulp Corporation	(26,757)	162,140	117,888	267,735
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>(17,295)</u>	<u>(2,770)</u>	<u>73,240</u>	<u>(7,538)</u>
	<u>\$ (64,748)</u>	<u>\$ 388,737</u>	<u>\$ 381,522</u>	<u>\$ 638,941</u>

	For the Six Months Ended June 30	
	2022	2021
Net cash inflow from:		
Operating activities	\$ 1,194,134	\$ 582,825
Investing activities	(548,846)	(1,164,791)
Financing activities	30,463	1,026,592
Effects of exchange rate changes	<u>14,268</u>	<u>(4,726)</u>
Net cash inflow	<u>\$ 690,019</u>	<u>\$ 439,900</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Material associates			
E Ink Holdings Inc.	\$ 6,055,394	\$ 5,948,270	\$ 5,363,131
Associates that are not individually material	<u>147,621</u>	<u>154,531</u>	<u>788,613</u>
	<u>\$ 6,203,015</u>	<u>\$ 6,102,801</u>	<u>\$ 6,151,744</u>

Refer to Tables 8 and 9 for the nature of activities, principal place of business and country of incorporation of the associates.

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2022	December 31, 2021	June 30, 2021
E Ink Holdings Inc.	16.2%	16.2%	16.2%

The investments in E Ink Holdings Inc. was accounted for using the equity method since the Group had significant influence over E Ink Holdings Inc. even though the Company held less than 20% of the investee's voting shares.

In 2013, the Group increased its investment in E Ink Holdings Inc. by buying 40,000 thousand shares of the investee's privately placed ordinary shares for \$658,000 thousand. Under the related regulations, privately placed ordinary shares should not be transferred within three years from the date of acquisition. E Ink Holdings Inc. has not yet completed publishing procedures as of August 12, 2022, the report date. The other rights and obligations are the same as those of ordinary shares.

Investments in material associates were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on financial statements which have been reviewed.

Fair values (Level 1) of investments in E Ink Holdings Inc. with available published price quotations were summarized as follows (excluding the privately placed ordinary shares):

	June 30, 2022	December 31, 2021	June 30, 2021
	<u>\$ 27,270,521</u>	<u>\$ 21,845,351</u>	<u>\$ 10,792,472</u>

The summarized financial information below represents amounts shown in the financial statements of E Ink Holdings Inc. prepared in accordance with IFRSs and has been adjusted by the Group for equity accounting purposes:

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 22,560,440	\$ 19,263,374	\$ 18,389,777
Non-current assets	37,234,176	37,746,625	32,452,211
Current liabilities	(17,070,573)	(17,839,575)	(15,928,222)
Non-current liabilities	<u>(6,354,943)</u>	<u>(3,472,539)</u>	<u>(2,821,240)</u>
Equity	36,369,100	35,697,885	32,092,526
Non-controlling interests	<u>(540,317)</u>	<u>(530,719)</u>	<u>(538,682)</u>
	<u>\$ 35,828,783</u>	<u>\$ 35,167,166</u>	<u>\$ 31,553,844</u>
Proportion of the Group's ownership	16.2%	16.2%	16.2%
Equity attributable to the Group	\$ 5,801,934	\$ 5,694,810	\$ 5,109,671
Goodwill	<u>253,460</u>	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 6,055,394</u>	<u>\$ 5,948,270</u>	<u>\$ 5,363,131</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 7,452,422</u>	<u>\$ 4,050,417</u>	<u>\$ 13,413,283</u>	<u>\$ 8,486,181</u>
Net profit for the period	\$ 2,391,265	\$ 1,413,266	\$ 3,860,870	\$ 2,594,920
Other comprehensive income (loss)	<u>(1,505,457)</u>	<u>487,470</u>	<u>202,561</u>	<u>1,332,923</u>
Total comprehensive income for the period	<u>\$ 885,808</u>	<u>\$ 1,900,736</u>	<u>\$ 4,063,431</u>	<u>\$ 3,927,843</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group's share of:				
Net profit (loss) for the period	\$ 944	\$ 106,648	\$ (14,515)	\$ 134,223
Other comprehensive income (loss)	<u>(3,452)</u>	<u>(88,195)</u>	<u>(1,002)</u>	<u>(47,393)</u>
Total comprehensive income (loss) for the period	<u>\$ (2,508)</u>	<u>\$ 18,453</u>	<u>\$ (15,517)</u>	<u>\$ 86,830</u>

Except for the review financial statements for the six months ended June 30, 2021 of Taiwan Global BioFund Co., Ltd., investments in associates that are not individually material were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on financial statements which have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 14,256,398	\$ 15,977,069	\$ 66,799,914	\$ 13,617,300	\$ 1,112,761	\$ 111,763,442
Additions	383,274	131,950	767,931	153,840	1,226,138	2,663,133
Disposals	-	(4,911)	(150,156)	(213,753)	-	(368,820)
Transfer from constructions	-	19,422	702,463	45,259	(767,144)	-
Reclassification to others	-	-	-	-	(22,360)	(22,360)
Effect of foreign currency exchange differences	-	197,068	559,496	92,678	15,538	864,780
Balance at June 30, 2022	<u>\$ 14,639,672</u>	<u>\$ 16,320,598</u>	<u>\$ 68,679,648</u>	<u>\$ 13,695,324</u>	<u>\$ 1,564,933</u>	<u>\$ 114,900,175</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ 612	\$ 7,697,750	\$ 45,592,381	\$ 10,070,431	\$ -	\$ 63,361,174
Depreciation expense	-	263,567	1,359,629	362,605	-	1,985,801
Disposals	-	(2,505)	(145,343)	(212,905)	-	(360,753)
Effect of foreign currency exchange differences	-	67,258	314,904	65,394	-	447,556
Balance at June 30, 2022	<u>\$ 612</u>	<u>\$ 8,026,070</u>	<u>\$ 47,121,571</u>	<u>\$ 10,285,525</u>	<u>\$ -</u>	<u>\$ 65,433,778</u>
Carrying amount at January 1, 2022	<u>\$ 14,255,786</u>	<u>\$ 8,279,319</u>	<u>\$ 21,207,533</u>	<u>\$ 3,546,869</u>	<u>\$ 1,112,761</u>	<u>\$ 48,402,268</u>
Carrying amount at June 30, 2022	<u>\$ 14,639,060</u>	<u>\$ 8,294,528</u>	<u>\$ 21,558,077</u>	<u>\$ 3,409,799</u>	<u>\$ 1,564,933</u>	<u>\$ 49,466,397</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 13,948,225	\$ 15,384,056	\$ 64,867,359	\$ 13,074,493	\$ 1,677,494	\$ 108,951,627
Additions	700,731	60,654	349,316	152,894	462,487	1,726,082
Disposals	(7,262)	(37,118)	(101,575)	(44,563)	-	(190,518)
Transfer from constructions	-	444,331	601,810	102,477	(1,148,618)	-
Transfer due to derecognition of subsidiaries	-	-	-	(63,717)	-	(63,717)
Reclassification to investment properties	(786,024)	(208,808)	-	-	-	(994,832)
Reclassification to others	-	(5,196)	(30,882)	35,443	-	(635)
Effect of foreign currency exchange differences	-	(106,315)	(314,520)	(50,408)	(7,942)	(479,185)
Balance at June 30, 2021	<u>\$ 13,855,670</u>	<u>\$ 15,531,604</u>	<u>\$ 65,371,508</u>	<u>\$ 13,206,619</u>	<u>\$ 983,421</u>	<u>\$ 108,948,822</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 2,597	\$ 7,377,349	\$ 43,670,154	\$ 9,546,670	\$ -	\$ 60,596,770
Depreciation expense	-	251,715	1,288,298	349,686	-	1,889,699
Disposals	(2,076)	(18,980)	(94,297)	(43,222)	-	(158,575)
Transfer due to derecognition of subsidiaries	-	-	-	(63,717)	-	(63,717)
Reclassification to investment properties	-	(128,050)	-	-	-	(128,050)
Reclassification to others	-	11,814	(18,996)	6,780	-	(402)
Effect of foreign currency exchange differences	-	(36,270)	(171,938)	(35,738)	-	(243,946)
Balance at June 30, 2021	<u>\$ 521</u>	<u>\$ 7,457,578</u>	<u>\$ 44,673,221</u>	<u>\$ 9,760,459</u>	<u>\$ -</u>	<u>\$ 61,891,779</u>
Carrying amount at January 1, 2021	<u>\$ 13,945,628</u>	<u>\$ 8,006,707</u>	<u>\$ 21,197,205</u>	<u>\$ 3,527,823</u>	<u>\$ 1,677,494</u>	<u>\$ 48,354,857</u>
Carrying amount at June 30, 2021	<u>\$ 13,855,149</u>	<u>\$ 8,074,026</u>	<u>\$ 20,698,287</u>	<u>\$ 3,446,160</u>	<u>\$ 983,421</u>	<u>\$ 47,057,043</u>

(Concluded)

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

Buildings	
Main buildings	15-55 years
Others	3-50 years
Machinery and equipment	3-20 years
Miscellaneous equipment	3-50 years

The non-cash investing activities of the Group for the six months ended June 30, 2022 and 2021 were as follows:

	For the Six Months Ended June 30	
	2022	2021
Acquisition of property, plant and equipment	\$ 2,663,133	\$ 1,726,082
Changes in prepayments for business facilities	(371,505)	304,758
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>44,643</u>	<u>690,607</u>
	<u>\$ 2,336,271</u>	<u>\$ 2,721,447</u>

The Group acquired land for expansion of the factory spaces in June 2022. However, the Group was unable to transfer the ownership of the land due to legal restrictions, therefore choosing to enter into a name-borrowing contract with others. The others consented to fully cooperate with the Group in changing the ownership of the land in the future and pledge with the lands in priority to the Group. As of June 30, 2022, the lands registered by others was \$178,538 thousand.

For the amounts of collateral pledged for bank borrowings, refer to Note 31.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amount</u>				
Land	\$ 1,548,549	\$ 1,469,516	\$ 1,416,922	
Buildings	364,997	399,973	370,431	
Others	<u>163,427</u>	<u>168,031</u>	<u>137,523</u>	
	<u>\$ 2,076,973</u>	<u>\$ 2,037,520</u>	<u>\$ 1,924,876</u>	
		For the Six Months Ended June 30		
		2022	2021	
Additions to right-of-use assets		<u>\$ 131,338</u>	<u>\$ 168,926</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation charge for right-of-use assets				
Land	\$ 14,510	\$ 11,077	\$ 32,761	\$ 22,246
Buildings	32,288	31,360	63,028	63,607
Others	<u>17,876</u>	<u>15,915</u>	<u>36,290</u>	<u>29,743</u>
	<u>\$ 64,674</u>	<u>\$ 58,352</u>	<u>\$ 132,079</u>	<u>\$ 115,596</u>

Except for the aforementioned addition and recognized depreciation expense, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

For the amounts of collateral pledged for bank borrowings, refer to Note 31.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Current	<u>\$ 182,221</u>	<u>\$ 177,846</u>	<u>\$ 148,108</u>
Non-current	<u>\$ 496,602</u>	<u>\$ 471,777</u>	<u>\$ 372,958</u>

Range of discount rates for lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	0.88%-1.68%	0.97%-1.68%	0.97%-1.68%
Buildings	0.86%-11.70%	0.97%-11.70%	0.97%-11.70%
Others	0.86%-6.00%	0.97%-6.00%	0.97%-6.00%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases and low-value asset leases	\$ 85,650	\$ 75,483	\$ 168,502	\$ 145,495
Total cash outflow for leases	\$ 143,644	\$ 124,562	\$ 283,075	\$ 242,055

17. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2022	\$ 3,861,276
Additions	53,343
Disposals	<u>(92,435)</u>
Balance at June 30, 2022	<u>\$ 3,822,184</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 328,285
Depreciation expense	5,181
Disposals	<u>(2,866)</u>
Balance at June 30, 2022	<u>\$ 330,600</u>
Carrying amount at January 1, 2022	<u>\$ 3,532,991</u>
Carrying amount at June 30, 2022	<u>\$ 3,491,584</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 2,867,764
Transfer from property, plant and equipment	<u>994,832</u>
Balance at June 30, 2021	<u>\$ 3,862,596</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 183,460
Depreciation expense	5,557
Transfer from property, plant and equipment	<u>128,050</u>
Balance at June 30, 2021	<u>\$ 317,067</u>
Carrying amount at January 1, 2021	<u>\$ 2,684,304</u>
Carrying amount at June 30, 2021	<u>\$ 3,545,529</u>

The acquisition of investment properties which included non-cash transactions is as follows:

	For the Six Months Ended June 30	
	2022	2021
Acquisition of investment properties	\$ 53,343	\$ -
Changes in prepayments for business facilities	<u>(53,032)</u>	<u>-</u>
	<u>\$ 311</u>	<u>\$ -</u>

The fair values of the investment properties owned by the Group were \$9,277,968 thousand, \$9,459,760 thousand and \$9,461,359 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively. The valuations were partially made by the Group using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$10,483 thousand, \$22,137 thousand, \$20,262 thousand and \$40,973 thousand for the three and six months ended June 30, 2022 and 2021, respectively.

The Company's board of directors approved the resolution of carrying out a joint construction of housing with Ho Tien Co., Ltd. (as a substantive related party of the Company) and cooperated in the construction of a portion of land in the Zhongshan Section of Zhongshan District, Taipei City. The Company provided the land, and Ho Tien Co., Ltd. was responsible for completing the construction. The joint construction was completed in October 2021 and a license for use was obtained and the transfer of ownership was completed in February 2022.

The investment properties held by the Group were depreciated over their estimated useful lives of 20 to 55 years, using the straight-line method.

All of the Group's investment properties were held under freehold interests.

18. BORROWINGS

a. Current borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Bank credit loans	\$ 12,807,968	\$ 9,795,555	\$ 9,662,318
Bank secured loans	<u>190,840</u>	<u>283,997</u>	<u>416,786</u>
	<u>\$ 12,998,808</u>	<u>\$ 10,079,552</u>	<u>\$ 10,079,104</u>

Current borrowings include bank credit and bank secured loans. As of June 30, 2022, December 31, 2021 and June 30, 2021, the interest rate intervals of bank credit loans were 0.77%-3.82% per annum, 0.52%-4.30% per annum and 0.52%-4.30% per annum, respectively. As of June 30, 2022, December 31, 2021 and June 30, 2021, the interest rate of bank secured loans were 3.25%-3.28% per annum, 1.09% per annum and 1.15%-1.19% per annum, respectively.

b. Short-term notes and bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ 9,530,000	\$ 9,299,000	\$ 12,044,000
Less: Unamortized discounts on bills payable	<u>(14,825)</u>	<u>(2,843)</u>	<u>(12,414)</u>
	<u>\$ 9,515,175</u>	<u>\$ 9,296,157</u>	<u>\$ 12,031,586</u>

The commercial paper is due within one year. Interest rate intervals on these bills payable were 1.00%-1.59% per annum, 0.79%-0.93% per annum and 0.74%-0.98% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

c. Non-current borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Syndicated loans	\$ 21,639,594	\$ 24,550,836	\$ 19,566,195
Long-term bank credit loans	2,351,220	1,911,220	2,351,220
Long-term bank secured loans	2,650	115,866	145,353
Less: Current portion	<u>(300,000)</u>	<u>(57,933)</u>	<u>-</u>
	<u>\$ 23,693,464</u>	<u>\$ 26,519,989</u>	<u>\$ 22,062,768</u>

Long-term bank loans included syndicated, credit and secured loans. Syndicated loans with monthly interest payments expire in December 2026 and have interest rate intervals of 1.79% per annum, 1.79%-1.80% per annum and 1.79% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively; secured and credit loans expire in February 2032 and have interest rate intervals of 0.30%-1.20% per annum, 0.39%-2.78% per annum and 0.39%-3.00% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$13,580 thousand, \$15,490 thousand, \$27,613 thousand and \$30,283 thousand for the three and six months ended June 30, 2022 and 2021, respectively, and were calculated using the respective actuarially determined annual pension cost discount rates as of December 31, 2021 and 2020.

20. EQUITY

a. Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Numbers of shares authorized (in thousands)	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Value of shares authorized	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,660,372</u>	<u>1,660,372</u>	<u>1,660,372</u>
Value of shares issued	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>

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

b. Capital surplus

Depending on the source, capital surplus may be used in these ways: (1) arising from shares issued in excess of par (including share premiums from the issuance of ordinary shares for mergers, treasury share transactions, and excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) - may be used to offset a deficit; in addition, when the Company has no deficit, this capital surplus may be distributed as cash dividends, or may be transferred to share capital once a year within a certain percentage of the Company's capital surplus; (2) arising from the effect of changes in ownership interests in subsidiaries due to equity transactions other than actual disposals or acquisitions - may be used to offset a deficit.; (3) arising from changes in equity in associates - may be used in compliance with related regulations if the capital surplus source is either of the foregoing two sources.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made 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 for distribution of dividends and bonuses to shareholders.

In making its dividend policy, the Company takes into account future capital expenditures and working capital requirements. Based on this policy, dividends should be distributed as follows:

- 1) At least 20% as cash dividends; and
- 2) The remainder after the distribution of cash dividends as share dividends. If there is a requirement for capital expenditures, the Company may distribute only share dividends.

The board of directors of the Company is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

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 deficits. 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. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and 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. For any subsequent reversal of the deduction in other shareholders' equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 465,605</u>	<u>\$ 606,583</u>
Cash dividends	<u>\$ 2,490,557</u>	<u>\$ 2,490,557</u>
Cash dividends per share (NT\$)	<u>\$ 1.5</u>	<u>\$ 1.5</u>

The aforementioned appropriation for cash dividends had been resolved by the board of directors on March 15, 2022 and February 26, 2021, respectively. The other proposed appropriations of earnings for 2021 and 2020 were resolved by the shareholders' meetings on June 23, 2022 and May 17, 2021, respectively.

d. Other equity items

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Total
<u>For the six months ended June 30, 2022</u>				
Balance at January 1	\$ (2,185,616)	\$ 10,575,017	\$ -	\$ 8,389,401
Exchange differences on translation of foreign financial statements	1,195,503	-	-	1,195,503
Unrealized gains on financial assets measured at FVTOCI	-	1,706,139	-	1,706,139
Share of other comprehensive income (loss) of associates accounted for using equity method	146,803	(112,706)	-	34,097
Changes in ownership interest in subsidiaries	(6,541)	-	-	(6,541)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(192,279)</u>	<u>-</u>	<u>(192,279)</u>
Balance at June 30	<u>\$ (849,851)</u>	<u>\$ 11,976,171</u>	<u>\$ -</u>	<u>\$ 11,126,320</u>
<u>For the six months ended June 30, 2021</u>				
Balance at January 1	\$ (1,509,007)	\$ 6,633,307	\$ (3,025)	\$ 5,121,275
Exchange differences on translation of foreign financial statements	(484,395)	-	-	(484,395)
Unrealized gains on financial assets measured at FVTOCI	-	1,412,880	-	1,412,880
Gains on hedging instruments	-	-	3,025	3,025
Share of other comprehensive income (loss) of associates accounted for using equity method	(126,986)	296,209	-	169,223
Changes in equity of associates accounted for using equity method	-	(2,712)	-	(2,712)
Disposal of partial interests in subsidiaries	4	(647)	-	(643)
Changes in ownership interest in subsidiaries	-	(26)	-	(26)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(12,867)</u>	<u>-</u>	<u>(12,867)</u>
Balance at June 30	<u>\$ (2,120,384)</u>	<u>\$ 8,326,144</u>	<u>\$ -</u>	<u>\$ 6,205,760</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 14,604,732	\$ 13,302,734
Share of profit for the period	324,702	1,775,228
Other comprehensive income (loss) for the period:		
Exchange differences on translation of foreign financial statements	173,615	(120,526)
Unrealized gains (losses) on financial assets measured at FVTOCI	(4,742)	127,410
Gains on hedge instruments	-	2,174
Share of other comprehensive income of associates accounted for using the equity method	1,758	7,096
Cash dividends	(1,320,982)	(850,112)
Changes in equity of associates accounted for using equity method	1,838	(1,436)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	508	31,326
Changes in ownership interests in subsidiaries	<u>(10,607)</u>	<u>(4,526)</u>
Balance at June 30	<u>\$ 13,770,822</u>	<u>\$ 14,269,368</u>

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers - revenue from sale of goods	\$ 17,556,109	\$ 17,745,444	\$ 34,594,099	\$ 34,874,973
Revenue from contracts with customers - other	<u>2,509,978</u>	<u>4,804,998</u>	<u>5,287,666</u>	<u>8,989,734</u>
	<u>\$ 20,066,087</u>	<u>\$ 22,550,442</u>	<u>\$ 39,881,765</u>	<u>\$ 43,864,707</u>

Contract Balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Notes receivable, net	<u>\$ 2,825,550</u>	<u>\$ 4,431,191</u>	<u>\$ 4,576,096</u>	<u>\$ 3,453,523</u>
Accounts receivable, net	<u>\$ 12,643,351</u>	<u>\$ 13,092,096</u>	<u>\$ 12,346,969</u>	<u>\$ 11,811,120</u>
Accounts receivable due from related parties, net	<u>\$ 59,257</u>	<u>\$ 71,403</u>	<u>\$ 69,048</u>	<u>\$ 98,198</u>
Contract liabilities - sale of goods	<u>\$ 554,246</u>	<u>\$ 516,177</u>	<u>\$ 740,497</u>	<u>\$ 552,667</u>

22. NET PROFIT

a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 191,122	\$ 131,046	\$ 322,333	\$ 262,032
Interest on lease liabilities	4,125	1,883	8,215	4,670
Less: Capitalization amount of interest	<u>(605)</u>	<u>(2,079)</u>	<u>(1,739)</u>	<u>(4,536)</u>
	<u>\$ 194,642</u>	<u>\$ 130,850</u>	<u>\$ 328,809</u>	<u>\$ 262,166</u>

Information about capitalized interest is as follows:

	For the Six Months Ended June 30	
	2022	2021
Capitalization rate	0.80%-1.51%	0.79%-1.46%

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 1,003,861	\$ 940,779	\$ 1,985,801	\$ 1,889,699
Investment properties	2,547	2,770	5,181	5,557
Right-of-use assets	64,674	58,352	132,079	115,596
Other non-current assets	<u>25,467</u>	<u>30,808</u>	<u>55,486</u>	<u>69,963</u>
	<u>\$ 1,096,549</u>	<u>\$ 1,032,709</u>	<u>\$ 2,178,547</u>	<u>\$ 2,080,815</u>
An analysis of depreciation by function				
Operating costs	\$ 966,541	\$ 882,636	\$ 1,912,695	\$ 1,768,020
Operating expenses	<u>104,541</u>	<u>119,265</u>	<u>210,366</u>	<u>242,832</u>
	<u>\$ 1,071,082</u>	<u>\$ 1,001,901</u>	<u>\$ 2,123,061</u>	<u>\$ 2,010,852</u>
An analysis of amortization by function				
Operating costs	\$ 4,940	\$ 12,267	\$ 16,207	\$ 30,104
Operating expenses	<u>20,527</u>	<u>18,541</u>	<u>39,279</u>	<u>39,859</u>
	<u>\$ 25,467</u>	<u>\$ 30,808</u>	<u>\$ 55,486</u>	<u>\$ 69,963</u>

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 51,941	\$ 46,703	\$ 103,052	\$ 93,423
Defined benefit plans	<u>13,580</u>	<u>15,490</u>	<u>27,613</u>	<u>30,283</u>
	65,521	62,193	130,665	123,706
Share-based payments	3,292	-	6,422	-
Other employee benefits	<u>2,215,497</u>	<u>2,234,013</u>	<u>4,474,059</u>	<u>4,526,919</u>
Total employee benefits expense	<u>\$ 2,284,310</u>	<u>\$ 2,296,206</u>	<u>\$ 4,611,146</u>	<u>\$ 4,650,625</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 1,350,957	\$ 1,367,825	\$ 2,708,526	\$ 2,746,642
Operating expenses	<u>933,353</u>	<u>928,381</u>	<u>1,902,620</u>	<u>1,903,983</u>
	<u>\$ 2,284,310</u>	<u>\$ 2,296,206</u>	<u>\$ 4,611,146</u>	<u>\$ 4,650,625</u>

d. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the three and six months ended June 30, 2022 and 2021 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2022	2021
Compensation of employees	0.34%	0.08%
Remuneration of directors	1.26%	0.32%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 1,479</u>	<u>\$ 1,294</u>	<u>\$ 2,957</u>	<u>\$ 2,587</u>
Remuneration of directors	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>

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

The Compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of the directors on March 15, 2022 and February 26, 2021, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 5,550	\$ 5,361
Remuneration of directors	22,000	22,000

There is no difference between the actual amounts of compensation of employees and remuneration of director paid and declared on March 15, 2022 and February 26, 2021, by board of the Company, recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

23. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 284,337	\$ 747,419	\$ 485,431	\$ 1,285,300
Deferred tax				
In respect of the current period	<u>9,275</u>	<u>78,925</u>	<u>24,540</u>	<u>91,380</u>
	<u>\$ 293,612</u>	<u>\$ 826,344</u>	<u>\$ 509,971</u>	<u>\$ 1,376,680</u>

- b. Income tax approved situation

	<u>Final Approved Year</u>
The Company	2017
Yuen Foong Yu Consumer Products Co., Ltd.	2017
Effion Enertech Co., Ltd.	2020
YFY Development Corp.	2020
San Ying Enterprise Co., Ltd.	2020
Fidelis IT Solutions Co., Ltd.	2020
Ever Growing Agriculture Biotech Co., Ltd.	2020
YFY Biotech Management Co., Ltd.	2020
YFY Corporate Advisory & Service Co., Ltd.	2020

(Continued)

Final Approved Year

Livebricks Inc.	2020
Yuen Foong Shop Co., Ltd.	2020
Sustainable Carbohydrate Innovation Co., Ltd.	2020
Hwa Fong Investments Co., Ltd.	2020
Shin Foong Specialty and Applied Materials Co., Ltd.	2020
China Color Printing Co., Ltd.	2020
YFY Paradigm Investment Co., Ltd.	2020
Yuen Yan Paper Container Co., Ltd.	2020
Genovella Renewables Inc.	2020
Pek Crown Paper Co., Ltd.	2020
Chung Hwa Pulp Corporation	2020
Union Paper Corp.	2019
Yeon Technologies Co., Ltd.	2019
YFY Packaging Inc.	2018
	(Concluded)

24. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share (NT\$)	<u>\$ 0.31</u>	<u>\$ 1.02</u>	<u>\$ 0.46</u>	<u>\$ 1.96</u>
Diluted earnings per share (NT\$)	<u>\$ 0.31</u>	<u>\$ 1.02</u>	<u>\$ 0.46</u>	<u>\$ 1.96</u>

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Profit for the period attributable to owners of the Company	<u>\$ 519,073</u>	<u>\$ 1,696,048</u>	<u>\$ 763,519</u>	<u>\$ 3,254,028</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 519,073</u>	<u>\$ 1,696,048</u>	<u>\$ 763,519</u>	<u>\$ 3,254,028</u>

Number of Share (In Thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,660,372	1,660,372	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>116</u>	<u>57</u>	<u>183</u>	<u>119</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,488</u>	<u>1,660,429</u>	<u>1,660,555</u>	<u>1,660,491</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation 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, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the board of directors resolve the number of shares to be distributed to employees in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Employee share options plan of the subsidiary - Shin Foong Specialty and Applied Materials Co., Ltd.

In order to attract and retain the professional talents needed by the subsidiary, improve the employees' cohesion and sense of belonging to the subsidiary, and jointly create the interests of subsidiary and shareholders, the board of directors of the subsidiary resolved to issue 2,318 employee share options in April 2016. Each option entitles the holder to subscribe for 1,000 ordinary shares of Shin Foong Specialty and Applied Materials Co., Ltd. The eligible participants for share options are the full-time employees who meet certain specific requirements of the subsidiary. The options granted are valid for 5 years and exercisable at the following vesting conditions after the second anniversary from the grant date. Under the terms of the plan, share options are granted at an exercise price equal to or not less than its net value per share as reported in the financial reports for the most recent fiscal period audited by the CPA at the issue date. For any subsequent changes in the subsidiary's capital structure, the exercise price is adjusted according to the terms. The subsidiary resolved to distribute cash dividends in the shareholders' meeting in 2020. Thus, the exercise price was adjusted from \$18.3 to \$17.7 in August 2020.

Vesting Conditions	The Ratio of Entitled Exercise (%) (Accumulated)
The second anniversary from the grant date	50
The third anniversary from the grant date	75
The fourth anniversary from the grant date	100

Information on compensatory employee share options issued in April 2016 was as follows:

Employee Share Options	Number of Options (In Thousands of Units)	Exercise Price
Granted in April 2016	<u>2,318</u>	<u>\$ 23</u>
Weighted-average fair value of options granted in April 2016 (NT\$)	<u>\$ 50.97</u>	

Employee share options certificates that the subsidiary issued was expired in April 2021, the information was as follows:

Share Options Certificates	For the Six Months Ended June 30, 2021	
	Number of Options (In Thousands of Units)	Exercise Price (\$)
Balance at January 1	350	
Options exercised	(50)	
Options expired	<u>(300)</u>	
Balance at June 30	<u>-</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 17.7</u>

The subsidiary measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

Share price at the grant date	\$73.21
Exercise price	\$23
Expected volatility (%)	31.09-31.92
Expected lives (years)	3.5-4.5
Expected dividend yield (%)	-
Expected grant (%)	100
Risk free interest rate (%)	0.53-0.58

The employee benefit expenses recognized on the employee share option plans were both \$0 thousand for the three and six months ended June 30, 2021.

b. Employee share options plan of the subsidiary - YFY Jupiter (BVI) Inc.

In order to attract and retain the professional talents needed by the subsidiary, improving the employees' cohesion and sense of belongingness to the subsidiary, and jointly create the interests of subsidiary and shareholders, the board of directors of the subsidiary resolved to issue 544,000 employee share options in September 2021. Each option entitles the holder to subscribe for 1 ordinary share of YFY Jupiter (BVI) Inc. The eligible participants for share options are the full-time employees (including the controlling companies and subordinate companies) who meet certain specific requirements. The options granted for 3 years and the exercisable at the schedule below since the grant date. For any subsequent changes in the subsidiary's capital surplus, the exercise price is adjusted accordingly.

Vesting Conditions	The Ratio of Entitled Exercise (%) (Accumulated)
Issue date	50
The first anniversary from the grant date	80
The second anniversary from the grant date	100

Information on compensatory employee share options issued in September 2021 was as follows:

Employee Share Options	Number of Options (In Thousands of Units)	Exercise Price (US\$)
Granted in September 2021	<u>544</u>	<u>\$ 1.5</u>
Weighted-average fair value of options granted in September 2021 (US\$)	<u>\$ 1.29</u>	

Information for employee share options certificates that the subsidiary issued was as follows:

Share Options Certificates	For the Six Months Ended June 30, 2022	
	Number of Options (In Thousands of Units)	Exercise Price (US\$)
Balance at January 1	544	
Options exercised	<u>(227)</u>	
Balance at June 30	<u>317</u>	
Options exercisable, end of period	<u>317</u>	<u>\$ 1.5</u>

The subsidiary measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

Share price at the grant date (US\$)	\$3.54
Exercise price (US\$)	\$1.5
Expected volatility (%)	35.21-35.62
Expected lives (years)	3
Expected dividend yield (%)	-
Expected grant (%)	100
Risk free interest rate (%)	0.17-0.21

The employee benefit expenses recognized on the employee share option plans were \$3,292 thousand and \$6,422 thousand for the three and six months ended June 30, 2022, respectively.

26. DERECOGNITION OF SUBSIDIARY

Kunshan YFY Advertising and Printing Co., Ltd. entered the bankruptcy procedure in January 2021. The trustee in bankruptcy was appointed by the court. The Group no longer has the ability to direct Kunshan YFY Advertising and Printing Co., Ltd., due to loss of control. Thus, the Group derecognized the assets and liabilities of the former subsidiary.

a. Consideration received from disposals

	Kunshan YFY Advertising and Printing Co., Ltd.
Cash	\$ <u> -</u>

b. Analysis of assets and liabilities on the loss of control date

	Kunshan YFY Advertising and Printing Co., Ltd.
Current assets	
Cash	\$ 230
Other current assets, others	399
Current liabilities	
Accounts payable	(25,340)
Other current liabilities, others	(9,871)
Non-current liabilities	
Other non-current liabilities, others	<u> (2)</u>
Net liabilities derecognized	<u>\$ (34,584)</u>

c. Gain from derecognition of subsidiary

**Kunshan YFY
Advertising and
Printing Co.,
Ltd.**

Net liabilities derecognized	\$ 34,584
Effect of foreign currency exchange differences	<u>(83)</u>
Gain from derecognition of subsidiary (accounted for as other income, others)	<u>\$ 34,501</u>

d. Net cash outflow on derecognition of subsidiary

**Kunshan YFY
Advertising and
Printing Co.,
Ltd.**

Consideration received in cash	\$ -
Less: Cash balance disposed of	<u>(230)</u>
	<u>\$ (230)</u>

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Company disposed of its partial ownership of Shin Foong Specialty and Applied Materials Co., Ltd. for the six months ended June 30, 2021. Thus, the shareholding ratio of the Group in Shin Foong Specialty and Applied Materials Co., Ltd. was reduced to 48.3%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over the subsidiary.

**Shin Foong
Specialty and
Applied
Materials Co.,
Ltd.**

Consideration received	\$ 176,157
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(37,012)
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	<u>(4)</u>
Differences recognized from equity transactions	<u>\$ 139,141</u>

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 139,141</u>
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28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of those financial assets and financial liabilities that are not measured at fair value recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 209,260	\$ -	\$ 209,260
Mutual funds	1,648,284	-	-	1,648,284
Structured deposits	<u>-</u>	<u>829,220</u>	<u>-</u>	<u>829,220</u>
	<u>\$ 1,648,284</u>	<u>\$ 1,038,480</u>	<u>\$ -</u>	<u>\$ 2,686,764</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 19,682,970	\$ -	\$ -	\$ 19,682,970
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>5,657,935</u>	<u>5,657,935</u>
	<u>\$ 19,682,970</u>	<u>\$ -</u>	<u>\$ 5,657,935</u>	<u>\$ 25,340,905</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 44,995</u>	<u>\$ -</u>	<u>\$ 44,995</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 3,792	\$ -	\$ 3,792
Mutual funds	1,516,927	-	-	1,516,927
Structured deposits	<u>-</u>	<u>1,505,742</u>	<u>-</u>	<u>1,505,742</u>
	<u>\$ 1,516,927</u>	<u>\$ 1,509,534</u>	<u>\$ -</u>	<u>\$ 3,026,461</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 18,749,195	\$ -	\$ -	\$ 18,749,195
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>4,845,794</u>	<u>4,845,794</u>
	<u>\$ 18,749,195</u>	<u>\$ -</u>	<u>\$ 4,845,794</u>	<u>\$ 23,594,989</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 69,687</u>	<u>\$ -</u>	<u>\$ 69,687</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 48,196	\$ -	\$ 48,196
Mutual funds	1,673,218	-	-	1,673,218
Structured deposits	<u>-</u>	<u>1,465,220</u>	<u>-</u>	<u>1,465,220</u>
	<u>\$ 1,673,218</u>	<u>\$ 1,513,416</u>	<u>\$ -</u>	<u>\$ 3,186,634</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 16,439,642	\$ -	\$ -	\$ 16,439,642
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>4,718,092</u>	<u>4,718,092</u>
	<u>\$ 16,439,642</u>	<u>\$ -</u>	<u>\$ 4,718,092</u>	<u>\$ 21,157,734</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 33,583</u>	<u>\$ -</u>	<u>\$ 33,583</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2022	\$ 4,845,794
Recognized in other comprehensive income (accounted for as unrealized gains (losses) on investments in equity instruments designated as at FVTOCI)	924,619
Disposals	(116,379)
Effect of foreign currency exchange differences	<u>3,901</u>
Balance at June 30, 2022	<u>\$ 5,657,935</u>

For the six months ended June 30, 2021

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2021	\$ 4,962,769
Recognized in other comprehensive loss (accounted for as unrealized gains (losses) on investments in equity instruments designated as at FVTOCI)	(191,280)
Disposals	(4,527)
Return of capital upon investees' capital reduction	(39,145)
Effect of foreign currency exchange differences	<u>(9,725)</u>
Balance at June 30, 2021	<u>\$ 4,718,092</u>

3) Valuation techniques and inputs used to make Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Structured deposits	Discounted cash flow method: The future cash flow is estimated based on the observable interest rate at the end of the period, discounted at the market interest rate.
Derivatives - foreign exchange forward contracts and currency exchange contracts	The fair value of each derivative contract is determined using the discounted cash flow method and: (a) The average exchange rate (i.e., difference between the highest and the lowest exchange rates) of the counterparties' financial institutions in accordance with the Reuters quoting system, or (b) The daily spot exchange rate quoted by financial institutions.

4) Valuation techniques and inputs used to make Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic and foreign unlisted shares	<p>Asset-based approach: The fair value is determined based on the net asset value of the investment target. The significant unobservable inputs are discounted prices based on market liquidity and non-controlling interests.</p> <p>Market approach: The fair value is assessed according to the recent transaction price of the investment target or similar market transaction prices and market conditions. The significant unobservable inputs are discounted prices for the lack of marketability.</p> <p>Income approach: Discounted cash flows are determined based on the present value of the expected future economic benefits that will be derived from the investment. Unobservable inputs mainly include the long-term growth rate, discount rate and the discount of liquidity. The fair value will increase if the long-term growth rate increases, discount rate decreases or the discount for liquidity decreases.</p>

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 2,686,764	\$ 3,026,461	\$ 3,186,634
FVTOCI	25,340,905	23,594,989	21,157,734
Amortized cost (1)	28,863,383	29,260,271	28,221,224
<u>Financial liabilities</u>			
FVTPL			
Held for trading	44,995	69,687	33,583
Amortized cost (2)	65,342,670	62,613,498	62,491,399

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, net, accounts receivables, net, accounts receivables due from related parties, net and other financial assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprise current borrowings, short-term notes and bills payables, notes and accounts payable, accounts payables to related parties, other payables, and long-term borrowings (including current portion of long-term borrowings).

d. Financial risk management objectives and policies

The Group's main target of financial risk management was to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group was devoted to identify, analyze and estimate related financial risk factor which may lead to unfavorable effect on the financial performance of the Group, and conduct related program to lower and hedge financial risk.

The Group seeks to minimize the effects of these risks by using both derivative and non-derivative financial instruments to avoid risk exposures. The use of financial instruments was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

a) Foreign currency risk

The Group had foreign currency denominated assets and liabilities, which exposed it primarily to the financial risks of changes in foreign currency exchange rates. The Group used foreign exchange forward contracts and currency exchange contracts to eliminate the risk of foreign currency exposure. These foreign exchange forward contracts are intended to reduce the influence of the exchange rate fluctuations on the Group's income.

Sensitivity analysis

For the proportion of financial assets and liabilities that had significant influence on the Group, the risk was measured by considering the net position of foreign currency forward contracts, and currency exchange contracts that are undue.

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign forward currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthening 5% against the USD and RMB. For a 5% weakening of New Taiwan dollars against the USD and RMB, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Six Months Ended	
	June 30	
	2022	2021
Influence to profit or loss at 5% variance		
USD	<u>\$ (110,649)</u>	<u>\$ (51,966)</u>
RMB	<u>\$ (87,645)</u>	<u>\$ (71,939)</u>

b) Interest rate risk

The Group was exposed to interest rate risk from borrowing at both fixed and floating interest rates.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 8,339,286	\$ 7,338,411	\$ 5,986,579
Financial liabilities	9,515,175	9,296,157	12,031,586
Lease liabilities	678,823	649,623	521,066
Cash flow interest rate risk			
Financial assets	4,981,867	4,313,350	5,223,636
Financial liabilities	36,992,272	36,657,474	32,141,872

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the six months ended June 30, 2022 and 2021 would have decreased/increased by \$32,010 thousand and \$26,918 thousand, respectively.

c) Other price risk

The Group was exposed to equity and commodity price risk through its investments in equity securities and mutual funds. The management of the Group manages risk by holding different risk portfolios.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity and commodity price risks at the end of the reporting period.

If equity and commodity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$82,414 thousand and \$83,661 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$1,267,045 thousand and \$1,057,887 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to price risk increased during the period, which was mainly due to the fair value of equity investments increased.

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 Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets which comprise receivables from operating activities and financial assets from investing activities as stated in the consolidated balance sheets.

The Group's customer base is vast and various industries. The Group continuously evaluated the financial conditions of those customers.

To maintain the quality of the accounts receivable, the Group has built a credit risk management procedure to reduce the credit risk from specific customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions.

Credit risk of bank deposits, fixed - income investments and other financial instruments with banks is evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, thus, there's 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 that business operation requires and to ensure the Group has sufficient financial flexibility.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the amounts of unused financing facilities were \$54,695,075 thousand, \$54,758,140 thousand and \$52,767,242 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the financial institutes choosing to exercise their rights.

To the extent that interest cash flows paid at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

June 30, 2022

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 13,755,792	\$ 24,590,456	\$ 2,733
Fixed interest rate liabilities	9,530,000	-	-
Lease liabilities	<u>206,508</u>	<u>389,609</u>	<u>120,938</u>
	<u>\$ 23,492,300</u>	<u>\$ 24,980,065</u>	<u>\$ 123,671</u>

December 31, 2021

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 10,603,742	\$ 26,841,044	\$ 740,602
Fixed interest rate liabilities	9,299,000	-	-
Lease liabilities	<u>195,128</u>	<u>353,766</u>	<u>136,358</u>
	<u>\$ 20,097,870</u>	<u>\$ 27,194,810</u>	<u>\$ 876,960</u>

June 30, 2021

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 10,472,632	\$ 22,394,765	\$ 743,025
Fixed interest rate liabilities	12,044,000	-	-
Lease liabilities	<u>182,241</u>	<u>408,740</u>	<u>12,011</u>
	<u>\$ 22,698,873</u>	<u>\$ 22,803,505</u>	<u>\$ 755,036</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to other bank in order to generate working capital. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the banker's acceptance bills. The Group's discounted and received amount and the ranges of interest rates were as follows:

	For the Six Months Ended June 30	
	<u>2022</u>	<u>2021</u>
The discounted amount	<u>\$ 1,646,255</u>	<u>\$ 836,849</u>
The received amount	<u>\$ 1,620,401</u>	<u>\$ 818,338</u>
Interest rates	1.30%-4.30%	2.65%-4.30%

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and categories of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Hsin-Yi Enterprise Co., Ltd.	Entity with key management personnel
Yuen Foong Paper Co., Ltd.	Entity with key management personnel
Taiwan Global BioFund Co., Ltd. (Note 1)	Associate
YFY Biotech Co., Ltd.	Associate
E Ink Holdings Inc.	Associate
YuanHan Materials Inc.	Associate
Transcend Optronics (Yangzhou) Co., Ltd.	Associate
Chengdu JieLianDa Warehousing Co., Ltd.	Associate
Chengdu JingShiTong Packing Co., Ltd.	Associate
JLD Logistics Ltd.	Associate
YJY Packaging Ltd.	Associate
Vinh Phu Packing and Printing Company Limited	Associate
SinoPac Financial Holdings Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party
SinoPac Leasing Corporation	Substantive related party
Bank SinoPac	Substantive related party
Beautone Co., Ltd.	Substantive related party
Hsinex International Corp.	Substantive related party
Fu Hwa Development Enterprise Co., Ltd.	Substantive related party
Hsin-Yi Foundation	Substantive related party
YFY BioTechnology (Kunshan) Co., Ltd.	Substantive related party
YFY Green Food (Shanghai) Co., Ltd. (Note 2)	Substantive related party
Lui Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Ho-Jielai Co., Ltd.	Substantive related party
Chen Yu Co., Ltd.	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Hoi Toy&Play Corporation	Substantive related party
YFY Co., Ltd.	Substantive related party
Synmax Biochemical Co., Ltd.	Substantive related party
Taiwan Stock Exchange Corporation	Substantive related party

Note 1: Taiwan Global BioFund Co., Ltd. was liquidated in September 2021. Therefore, only the transactions occurred prior to liquidation were listed.

Note 2: The subsidiary of YFY Biotech Co., Ltd. disposed of partial shareholding of YFY Green Food (Shanghai) Co., Ltd. in 2021. Due to lose control of YFY Green Food (Shanghai) Co., Ltd., associate turned into substantive related party since 2022.

b. Operating revenue

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Substantive related party	\$ 30,803	\$ 36,864	\$ 77,732	\$ 79,583
Entities with key management personnel	24,593	22,689	50,561	44,789
Associate	<u>15,094</u>	<u>31,053</u>	<u>22,520</u>	<u>41,720</u>
	<u>\$ 70,490</u>	<u>\$ 90,606</u>	<u>\$ 150,813</u>	<u>\$ 166,092</u>

For sales of goods or providing services between related parties, the prices and terms of receivables were based on the agreements between parties.

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Associate	\$ 58,439	\$ 63,121	\$ 88,164	\$ 127,460
Substantive related party	2,810	1,392	5,573	2,745
Entities with key management personnel	<u>442</u>	<u>686</u>	<u>1,107</u>	<u>1,998</u>
	<u>\$ 61,691</u>	<u>\$ 65,199</u>	<u>\$ 94,844</u>	<u>\$ 132,203</u>

For purchases of goods between related parties, the prices and terms of payables were based on the agreements between parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Receivables from related parties	Entities with key management personnel			
	Yuen Foong Paper Co., Ltd.	\$ 25,806	\$ 30,292	\$ 24,105
	Others	<u>228</u>	<u>208</u>	<u>216</u>
		<u>26,034</u>	<u>30,500</u>	<u>24,321</u>
	Substantive related party			
	Beautone Co., Ltd.	20,947	26,839	22,690
	Others	<u>2,663</u>	<u>4,449</u>	<u>4,366</u>
		<u>23,610</u>	<u>31,288</u>	<u>27,056</u>

(Continued)

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
	Associate			
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 6,646	\$ 7,717	\$ -
	Chengdu JingShiTong Packing Co., Ltd.	-	-	9,831
	Others	<u>2,967</u>	<u>1,898</u>	<u>7,840</u>
		<u>9,613</u>	<u>9,615</u>	<u>17,671</u>
		<u>\$ 59,257</u>	<u>\$ 71,403</u>	<u>\$ 69,048</u>
Other receivables (accounted for as other current assets)	Associate	\$ 468	\$ 435	\$ 394
	Entities with key management personnel	<u>95</u>	<u>23</u>	<u>39</u>
	Substantive related party			
	Ho Tien Co., Ltd.	-	26,520	-
	Other	<u>11</u>	<u>109</u>	<u>23</u>
		<u>11</u>	<u>26,629</u>	<u>23</u>
		<u>\$ 574</u>	<u>\$ 27,087</u>	<u>\$ 456</u>
				(Concluded)

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

e. Payables to related parties

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Payables to related parties	Associate			
	YJY Packaging Ltd.	\$ 59,045	\$ 32,503	\$ 31,714
	JLD Logistics Ltd.	7,313	9,003	9,189
	Yuen Foong Paper Co., Ltd.	2,592	4,420	11,218
	Others	<u>344</u>	<u>326</u>	<u>4,807</u>
		<u>69,294</u>	<u>46,252</u>	<u>56,928</u>
	Entities with key management personnel			
	Hsin-Yi Enterprise Co., Ltd.	5,270	8,646	5,230
	Others	<u>1,008</u>	<u>-</u>	<u>1,930</u>
		<u>6,278</u>	<u>8,646</u>	<u>7,160</u>
	Substantive related party	<u>4,352</u>	<u>2,114</u>	<u>2,628</u>
		<u>\$ 79,924</u>	<u>\$ 57,012</u>	<u>\$ 66,716</u>
Other payables (accounted for as other current liabilities)	Associate			
	YJY Packing Ltd.	\$ -	\$ 6,754	\$ 16,369
	Others	<u>163</u>	<u>415</u>	<u>-</u>
		<u>\$ 163</u>	<u>\$ 7,169</u>	<u>\$ 16,369</u>

The outstanding accounts payables to related parties are unsecured.

f. Acquisitions of investment properties

Related Party Category/Name	Purchase Price	
	For the Six Months Ended	
	June 30	
	2022	2021
Substantive related party Ho Tien Co., Ltd.	\$ 53,032	\$ -

The company completed transfer of ownership of a joint construction of housing in February 2022, refer to Note 17.

g. Acquisitions of financial assets

For the six months ended June 30, 2021

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Note
Associate	Current and non-current financial assets at fair value through other comprehensive income (loss)	1,651,000	Ordinary shares	\$ 75,025	-

The group acquired partial shareholdings of Medeon Biodesign, Inc. from Taiwan Global BioFund Co., Ltd. in February 2021.

h. Others

Rental income

Related Party Category/Name	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Entities with key management personnel				
Yuen Foong Paper Co., Ltd.	\$ 1,972	\$ 1,977	\$ 3,943	\$ 3,949
Others	40	40	80	80
	<u>2,012</u>	<u>2,017</u>	<u>4,023</u>	<u>4,029</u>
Substantive related party	<u>1,445</u>	<u>1,800</u>	<u>3,072</u>	<u>3,603</u>
Associate	<u>412</u>	<u>301</u>	<u>824</u>	<u>603</u>
	<u>\$ 3,869</u>	<u>\$ 4,118</u>	<u>\$ 7,919</u>	<u>\$ 8,235</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Entities with key management personnel	\$ 11,249	\$ 11,080	\$ 22,206	\$ 22,088
Substantive related party	<u>1,089</u>	<u>1,099</u>	<u>2,178</u>	<u>2,021</u>
	<u>\$ 12,338</u>	<u>\$ 12,179</u>	<u>\$ 24,384</u>	<u>\$ 24,109</u>

Depending on the agreements, rental income and expenses were received or paid by per month or per half-year.

i. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 24,517	\$ 25,027	\$ 50,605	\$ 49,594
Post-employment benefits	<u>108</u>	<u>6,013</u>	<u>227</u>	<u>6,112</u>
	<u>\$ 24,625</u>	<u>\$ 31,040</u>	<u>\$ 50,832</u>	<u>\$ 55,706</u>

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

31. ASSETS PLEDGED OR MORTGAGED

The following assets have been pledged or mortgaged as collateral for bank loans, guarantees provided on certain commitments, bank acceptance bills and other credit facilities:

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable, net (Note)	\$ 2,743,286	\$ 2,917,520	\$ 2,969,802
Property, plant and equipment	504,513	719,649	859,363
Pledged time deposits (accounted for as other current financial assets and other non-current assets, others)	461,441	145,738	3,123
Pledged deposits (classified as other current financial assets)	217,640	202,762	173,566
Land use rights (accounted for as right-of-use assets)	<u>98,221</u>	<u>98,253</u>	<u>100,256</u>
	<u>\$ 4,025,101</u>	<u>\$ 4,083,922</u>	<u>\$ 4,106,110</u>

Note: The transaction of \$1,151,383 thousand has been eliminated in preparing the consolidated financial on June 30, 2022.

32. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2022, December 31, 2021 and June 30, 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$672,998 thousand, \$686,264 thousand and \$1,112,314 thousand, respectively.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the contract of commitment to acquire land, property, plant and equipment amounted to \$297,924 thousand, \$296,822 thousand and \$62,016 thousand, respectively. The unrecorded amounts were \$149,627 thousand, \$154,687 thousand and \$10,171 thousand, respectively.

33. OTHER ITEMS

In response to the COVID-19 pandemic, the epidemic prevention policies of some countries were changed by adopting the approach of coexistence with the virus. Due to the decrease in demand of anti-epidemic concept products and the increase in price of paper materials, the Group's revenue and operating profit decreased in the second quarter of 2022 compared to the same period of the previous year. The Group will continue to evaluate the impact of subsequent epidemic events on its operations.

34. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follow:

	June 30, 2022		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,384,276	0.149 (RMB:USD)	\$ 10,558,256
USD	100,102	29.72 (USD:NTD)	2,975,020
<u>Foreign currency liabilities</u>			
Monetary items			
USD	42,041	29.72 (USD:NTD)	1,249,448

December 31, 2021			
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,497,733	0.157 (RMB:USD)	\$ 10,843,866
USD	77,491	27.68 (USD:NTD)	2,144,960
VND	1,120,487,490	0.00004 (VND:USD)	1,358,762
RMB	258,936	4.341 (RMB:NTD)	1,124,165
<u>Foreign currency liabilities</u>			
Monetary items			
USD	54,271	27.68 (USD:NTD)	1,502,223
VND	1,001,490,308	0.00004 (VND:USD)	1,214,459
USD	37,152	6.3757 (USD:RMB)	1,028,369

June 30, 2021			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,481,530	0.155 (RMB:USD)	\$ 10,701,915
USD	101,770	27.86 (USD:NTD)	2,835,303
RMB	273,006	4.313 (RMB:NTD)	1,177,375
VND	927,207,612	0.00004 (VND:USD)	1,122,740
<u>Foreign currency liabilities</u>			
Monetary items			
USD	64,265	27.86 (USD:NTD)	1,790,414
VND	854,950,095	0.00004 (VND:USD)	1,035,245

For the three and six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were a loss of \$616,060 thousand, a gain of \$29,021 thousand, a loss of \$532,366 thousand and a loss of \$103,825 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities of the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)

- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
 - 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 5)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
 - 9) Trading in derivative instruments. (Note 7)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 10)
- b. Information on investees (Table 8)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 3)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 2)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 11)

36. SEGMENT INFORMATION

The following was an analysis of the Group's revenue and results by reportable segment.

	Business Unit of Pulp and Fine Paper	Business Unit of Container - Board and Packaging in Taiwan	Business Unit of Container - Board and Packaging in Mainland China	Business Unit of Consumer Products	Business Unit of Special Materials	Other Segment	Total
<u>For the six months ended June 30, 2022</u>							
Revenue from external customers	\$ 10,316,032	\$ 9,374,385	\$ 8,600,326	\$ 4,855,631	\$ 986,802	\$ 5,748,589	\$ 39,881,765
Revenue from other internal operating segments	<u>1,432,493</u>	<u>1,029,796</u>	<u>101,810</u>	<u>25,074</u>	<u>119,095</u>	<u>334,364</u>	<u>3,042,632</u>
Segment revenue	<u>\$ 11,748,525</u>	<u>\$ 10,404,181</u>	<u>\$ 8,702,136</u>	<u>\$ 4,880,705</u>	<u>\$ 1,105,897</u>	<u>\$ 6,082,953</u>	<u>42,924,397</u>
Eliminations							<u>(3,042,632)</u>
Consolidated revenue							<u>\$ 39,881,765</u>
Total profit or loss for reportable segments	<u>\$ 30,326</u>	<u>\$ 430,162</u>	<u>\$ (399,026)</u>	<u>\$ 547,511</u>	<u>\$ 213,045</u>	<u>\$ 122,732</u>	\$ 944,750
Eliminations							<u>56,020</u>
Segment profit or loss							<u>1,000,770</u>
Finance costs							<u>(328,809)</u>
Net gain on fair value change of financial instruments at fair value through profit or loss							<u>407,580</u>
Foreign exchange loss							<u>(532,366)</u>
Net non-operating income and expenses							<u>1,051,017</u>
Profit before income tax							<u>\$ 1,598,192</u>
<u>For the six months ended June 30, 2021</u>							
Revenue from external customers	\$ 9,161,289	\$ 9,163,872	\$ 9,852,450	\$ 5,009,289	\$ 4,925,999	\$ 5,751,808	\$ 43,864,707
Revenue from other internal operating segments	<u>2,057,214</u>	<u>1,124,419</u>	<u>171,963</u>	<u>7,900</u>	<u>144,198</u>	<u>383,638</u>	<u>3,889,332</u>
Segment revenue	<u>\$ 11,218,503</u>	<u>\$ 10,288,291</u>	<u>\$ 10,024,413</u>	<u>\$ 5,017,189</u>	<u>\$ 5,070,197</u>	<u>\$ 6,135,446</u>	<u>47,754,039</u>
Eliminations							<u>(3,889,332)</u>
Consolidated revenue							<u>\$ 43,864,707</u>
Total profit or loss for reportable segments	<u>\$ 572,836</u>	<u>\$ 1,431,819</u>	<u>\$ 84,129</u>	<u>\$ 782,545</u>	<u>\$ 2,933,102</u>	<u>\$ 93,823</u>	\$ 5,898,254
Eliminations							<u>4,052</u>
Segment profit or loss							<u>5,902,306</u>
Finance costs							<u>(262,166)</u>
Net loss on fair value change of financial instruments at fair value through profit or loss							<u>(66,110)</u>
Foreign exchange loss							<u>(103,825)</u>
Net non-operating income and expenses							<u>935,731</u>
Profit before income tax							<u>\$ 6,405,936</u>

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

a. Pulp and fine paper segment

Manufacture and sale of cardboard, paper and pulp.

b. Containerboard and packaging segment in Taiwan

Manufacture and sale of paper for cardboard cases, colored cases and food containers.

c. Containerboard and packaging segment in mainland China

Manufacture and sale of paper for cardboard cases.

d. Consumer product segment

Manufacture and sale of tissue paper, napkins and detergents.

e. Special materials segment

Manufacture and sale of SBR (styrene butadiene rubber) latex.

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

Segment Total Assets

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Business unit of pulp and fine paper	\$ 34,508,771	\$ 33,968,456	\$ 33,724,801
Business unit of containerboard and packaging in Taiwan	22,571,901	22,018,519	20,359,323
Business unit of containerboard and packaging in mainland China	21,027,693	22,810,564	22,308,132
Business unit of consumer products	8,250,205	7,943,667	7,949,810
Business unit of special materials	8,121,654	8,731,610	8,784,334
Other segments	86,612,231	83,407,148	80,874,620
Adjustment and elimination	<u>(42,123,838)</u>	<u>(42,445,700)</u>	<u>(42,506,535)</u>
Consolidated total assets	<u>\$ 138,968,617</u>	<u>\$ 136,434,264</u>	<u>\$ 131,494,485</u>

Geographical Information

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

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

	Revenue from External Customers		Non-current Assets		
	For the Six Months Ended		June 30, 2022	December 31, 2021	June 30, 2021
	2022	2021			
Taiwan	\$ 20,305,832	\$ 23,210,171	\$ 37,685,895	\$ 36,894,374	\$ 35,572,980
Mainland China	13,040,510	14,508,756	16,655,884	16,962,863	17,272,471
Others	<u>6,535,423</u>	<u>6,145,780</u>	<u>3,409,969</u>	<u>3,146,569</u>	<u>3,149,893</u>
	<u>\$ 39,881,765</u>	<u>\$ 43,864,707</u>	<u>\$ 57,751,748</u>	<u>\$ 57,003,806</u>	<u>\$ 55,995,344</u>

Information about Major Customers

No single customer contributed 10% or more to the Group's revenue for both 2022 and 2021.

YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
1	YFY Global Investment B.V.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 2,074,210	\$ 2,037,012	\$ 2,037,012	2.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 13,159,722	\$ 13,159,722	-
2	YFY International B.V.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	5,538,068	5,396,974	4,954,145	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	225,458	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,687,620	1,687,620	1,382,068	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	313,406	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	221,640	88,566	88,566	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	162,905	74,174	74,174	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	155,566	30,998	30,998	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	63,128	61,996	61,996	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	87,300	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	116,336	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	31,872,749	31,872,749	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	135,275	132,849	132,849	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	6,374,550	6,374,550	-
3	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	54,322	53,038	8	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	53,040	212,159	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	54,322	53,038	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	53,040	212,159	-
4	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	630,213	614,270	119,569	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,228,544	1,228,544	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	630,213	614,270	39,410	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,228,544	1,228,544	-
5	YFY Paper Enterprise (Xiamen) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	356,128	348,010	27	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	696,026	696,026	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	356,128	348,010	34,639	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	696,026	696,026	-
6	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,103,078	1,083,296	17	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,186,536	2,186,536	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,103,078	1,083,296	80,003	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,186,536	2,186,536	-
7	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	551,027	541,145	381	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,101,086	1,101,086	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	551,027	541,145	2	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,101,086	1,101,086	-
8	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	826,494	536,930	155,023	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,082,710	1,082,710	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	826,494	536,930	61,616	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,082,710	1,082,710	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	202,912	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,082,710	1,082,710	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
9	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 904,328	\$ 888,110	\$ 4	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 1,792,042	\$ 1,792,042	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	904,328	888,110	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,792,042	1,792,042	-
10	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,109,416	1,103,020	265,912	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,244,424	2,244,424	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,109,416	1,103,020	24,645	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,244,424	2,244,424	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	202,912	-	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	2,244,424	2,244,424
11	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	273,814	263,200	2	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	526,403	526,403	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	273,814	263,200	17,668	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	526,403	526,403	-
12	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,705,491	2,656,972	59,998	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,705,491	2,656,972	2,495,672	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	65,344	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	416,958	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	4,055	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	676,373	664,243	35,503	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	112,729	110,707	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	112,729	110,707	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	112,729	110,707	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-
Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	112,729	110,707	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-		
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Other receivables from related parties	Yes	112,729	110,707	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,040,028	12,040,028	-		
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	442,829	17,804	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	602,001	2,408,006	-		
13	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	478,489	469,908	37	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	949,133	949,133	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	478,489	469,908	15,588	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	949,133	949,133	-
14	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	119,047	104,370	2	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	208,748	208,748	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	119,047	104,370	374	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	208,748	208,748	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
15	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 426,346	\$ -	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ -	\$ -	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	213,173	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	213,173	-	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-		
16	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	104,824	102,944	101,523	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	205,897	205,897	-
17	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	309,604	242,874	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	485,749	485,749	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	247,309	242,874	79,620	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	485,749	485,749	-
18	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	109,525	62,040	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	124,081	124,081	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	63,173	62,040	22,162	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	124,081	124,081	-
19	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	76,313	74,944	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	149,897	149,897	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	76,313	74,944	28,581	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	149,897	149,897	-
20	Hwa Fong Paper (Hong Kong) Co., Ltd.	YFY International B.V.	Other receivables from related parties	Yes	46,468	36,556	36,556	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	90,583	90,583	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (Note 2)	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
21	YFY Jupiter Limited	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	\$ 98,620	\$ 98,620	\$ 98,620	1.50-2.40	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 300,617	\$ 300,617	-
22	Mobius105 Ltd.	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	32,216	32,216	32,216	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	653,924	653,924	-
23	Jupiter Prestige Group Holdings Limited	YFY Jupiter (BVI) Inc.	Other receivables from related parties	Yes	29,304	28,856	28,856	1.30	Short-term financing	-	Financing for working capital requirements	-	-	-	124,012	124,012	-
24	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	459,122	450,888	109,088	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	452,259	1,809,035	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	459,122	450,888	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	452,259	1,809,035	-
25	CHP International (BVI) Corporation	Zhaoqing Dingfung Forestry Co., Ltd.	Other receivables from related parties	Yes	326,920	326,920	326,920	1.50-1.80	Short-term financing	-	Financing for working capital requirements	-	-	-	2,108,597	2,108,597	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	189,384	185,988	185,988	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	2,108,597	2,108,597	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,154,343	1,009,649	1,009,649	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	2,108,597	2,108,597	-
26	Shenzhen Jinglun Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	14,557	13,409	2,019	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	13,411	53,643	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	13,654	13,409	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	13,411	53,643	-
27	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	294,750	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	6,863,581	6,863,581	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	445,800	445,800	445,800	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	6,863,581	6,863,581	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	148,600	148,600	148,600	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	6,863,581	6,863,581	-
28	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	281,170	276,127	118,988	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	568,655	568,655	-
29	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,161,101	1,140,278	38,690	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,380,803	2,380,803	-
30	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,262,078	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,582,512	4,582,512	-
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,262,078	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,582,512	4,582,512	-
31	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	55,650	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	2,676,237	2,676,237	-
32	Effion Eneritech Co., Ltd.	YFY Paradigm Investment Co., Ltd.	Other receivables from related parties	Yes	378,000	194,000	-	0.90	Short-term financing	-	Financing for working capital requirements	-	-	-	194,847	194,847	-
33	YFY Japan Co., Ltd.	YFY International B.V.	Other receivables from related parties	Yes	52,954	43,640	43,640	0.75	Short-term financing	-	Financing for working capital requirements	-	-	-	200,278	200,278	-
34	San Ying Enterprise Co., Ltd.	YFY Paradigm Investment Co., Ltd.	Other receivables from related parties	Yes	40,000	40,000	40,000	0.90	Short-term financing	-	Financing for working capital requirements	-	-	-	41,042	41,042	-

Note 1: a. Based on the provision of loans due to business relationships, the total amount of loans should not exceed 40% of the lender's net equity on the most current financial statements, and the amount of individual loans should not exceed the total purchases and sales between the lender and the borrower in the prior year. According to the provision of short-term loans, both individual loans and total loans should not exceed 40% of the lender's net equity on the most current financial statements. In summary, according to the provision of business dealings and short-term financing, both aggregate loans and individual loans should not exceed 80% of the lender's net equity on the most current financial statements.

b. YFY Inc.'s wholly-owned foreign subsidiaries are not subject to the foregoing 40% and 80% limitation when they provide financing with each other. For subsidiaries of YFY Inc., if the loan is for the borrower's business purposes or for short-term financing, the amount of financing should not exceed twice of the lender's net equity on the most current financial statements.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
1	Endorsement/guarantee YFY Inc.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a.	\$ 80,468,159	\$ 2,610,814	\$ 2,290,181	\$ 857,246	\$ -	4.37	\$ 107,290,878	Yes	No	Yes
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3 a.	80,468,159	1,082,196	1,062,789	-	-	2.03	107,290,878	Yes	No	Yes
2	Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Note 3 a.	2,399,383	713,280	713,280	187,986	-	42.66	3,199,178	Yes	No	No
		Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Note 3 a.	2,399,383	802,440	802,440	138,120	-	47.99	3,199,178	Yes	No	No
		Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Note 3 a.	2,399,383	1,069,920	1,069,920	473,194	-	63.99	3,199,178	Yes	No	No
		Vinh Phu Packing And Printing Company Limited	Note 3 b.	159,959	83,348	23,538	14,266	-	1.41	159,959	No	No	No
3	Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd.	Note 3 a.	576,446	505,240	505,240	274,184	-	134.02	768,594	Yes	No	No
		YFY Packaging Thai Binh Co., Ltd.	Note 3 a.	576,446	89,160	89,160	35,182	-	23.65	768,594	Yes	No	No
1	Credit line (Note 4) YFY Inc.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a.	80,468,159	450,915	442,828	-	-	0.84	107,290,878	No	No	No
		YFY Development Corp.	Note 3 a.	80,468,159	3,900,000	3,450,000	1,780,000	-	6.58	107,290,878	No	No	No
		YFY Paradigm Investment Co., Ltd.	Note 3 a.	80,468,159	2,370,000	2,370,000	754,000	-	4.52	107,290,878	No	No	No
		YFY International B.V.	Note 3 a.	80,468,159	3,173,813	2,959,940	440,519	-	5.64	107,290,878	No	No	No
		YFY Global Investment B.V.	Note 3 a.	80,468,159	1,367,120	1,367,120	34,653	-	2.61	107,290,878	No	No	No
		YFY Jupiter Limited	Note 3 a.	80,468,159	398,320	398,320	148,282	-	0.76	107,290,878	No	No	No
		YFY Jupiter (BVI) Inc.	Note 3 a.	80,468,159	445,800	445,800	158,110	-	0.85	107,290,878	No	No	No
		Mobius105 Ltd.	Note 3 a.	80,468,159	89,160	89,160	-	-	0.17	107,290,878	No	No	No
2	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Note 3 a.	23,051,741	683,560	683,560	-	-	4.46	30,735,654	No	No	No
		Hwa Fong Investment Co., Ltd.	Note 3 a.	23,051,741	130,000	130,000	27,000	-	0.85	30,735,654	No	No	No
3	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 a.	10,035,890	475,520	475,520	-	-	7.12	13,381,186	No	No	No

Note 1: Represents 150% of the net equity on the most current financial statements, except Vinh Phu Packaging And Printing Company Limited represents 10% of net equity of Willpower Industries Ltd. on the most current financial statements.

Note 2: Represents 200% of the net equity on the most current financial statements, except Vinh Phu Packaging And Printing Company Limited represents 10% of net equity of Willpower Industries Ltd. on the most current financial statements.

Note 3: The relationships between the guarantor and the guarantee are as follows:

- a. Subsidiary.
- b. Associate.

Note 4: In accordance with regulations, the credit lines jointly issued by the Company are disclosed.

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,445,041	\$ 20,328	-	\$ 20,328	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	475,940,588	7,995,802	4.2	7,995,802	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	97,502,590	1,657,544	13.6	1,657,544	
	Zhen Ding Technology Holding Limited	-	Non-current financial assets at fair value through other comprehensive income	7,464,617	768,856	0.8	768,856	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,687,565	122,517	2.3	122,517	
	Taiwan Stock Exchange Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	25,215,244	4,295,780	3.0	4,295,780	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	20,826,000	217,827	12.9	217,827	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	183,794	14.9	183,794	
	Synmax Biochemical Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,999,371	103,471	13.9	103,471	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	4,200,000	82,171	14.0	82,171	
	Shin Taiwan Kubota Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,612	41,741	5.5	41,741	
	Universal Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,221,228	39,590	3.0	39,590	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,600,000	20,137	8.0	20,137	
	Yuen Foong Paper Co., Ltd.	Note 2	Non-current financial assets at fair value through other comprehensive income	544,067	15,259	0.7	15,259	
	Sino Cell Technologies Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,691,656	6,494	10.0	6,494	
	China Trade and Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	377,634	3,683	0.6	3,683	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paper Enterprise (Xiamen) Co., Ltd.	<u>Share certificate</u> Xiamen Taiwanese Investment Association Management Company	-	Non-current financial assets at fair value through other comprehensive income	-	RMB 70 thousand	-	RMB 70 thousand	
YFY Global Investment B.V.	<u>Beneficiary certificates</u> WI Harper INC Fund VII LP	-	Non-current financial assets at fair value through other comprehensive income	-	US\$ 153 thousand	0.2	US\$ 153 thousand	
	<u>Special share</u> Neutron Innovation (BVI) Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,692,250	US\$ 2,856 thousand	6.5	US\$ 2,856 thousand	
	Micareo Inc.	Note 1	Non-current financial assets at fair value through other comprehensive income	8,124,999	US\$ 136 thousand	19.9	US\$ 136 thousand	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	43,391,004	550,892	-	550,892	
	SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	28,457,093	400,329	-	400,329	
	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	15,236,099	250,576	-	250,576	
	PIMCO GIS Total Return Bond Fund-E Class	-	Current financial assets at fair value through profit or loss	218,899	75,921	-	75,921	
	<u>Special share</u> Cathay Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	935,000	58,438	0.1	58,438	
	Taishin Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	850,000	45,645	0.2	45,645	
	Fubon Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	719,000	45,297	0.1	45,297	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	21,891,143	367,771	0.2	367,771	
	Foongtone Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,884,415	79,868	11.8	79,868	
China Color Printing Co., Ltd.	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	4,147,535	62,257	-	62,257	
	Prudential Financial Money Market Fund	-	Current financial assets at fair value through profit or loss	1,565,896	25,077	-	25,077	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China Color Printing Co., Ltd.	<u>Ordinary shares</u> China Development Financial Holding Corporation	-	Current financial assets at fair value through other comprehensive income	9,959,081	\$ 146,398	0.1	\$ 146,398	
	China Parcel Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	463,917	3,664	10.8	3,664	
YFY Development Corp.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	212,289,885	3,566,470	1.9	3,566,470	
	Medeon Biodesign, Inc.	-	Current financial assets at fair value through other comprehensive income	510,251	37,044	0.7	37,044	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,490,949	59,346	0.5	59,346	
	Advance Materials Corporation Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,542,258	14,035	1.3	14,035	
	Quan Yuan Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,250,000	45,479	5.5	45,479	
	Universal Venture Capital Investment Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	5,600,000	41,361	4.7	41,361	
	Everterminal Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,200,960	36,783	2.5	36,783	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	143,442,904	2,409,841	1.3	2,409,841	
	Zhen Ding Technology Holding Limited	-	Current financial assets at fair value through other comprehensive income	467,106	48,112	0.1	48,112	
	Medeon Biodesign, Inc.	-	Current financial assets at fair value through other comprehensive income	130,670	9,487	0.2	9,487	
	Shen's Art Printing Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	43,109	668	0.1	668	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	17,654,353	300,124	2.5	300,124	
	Foongtone Technology Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,370,730	37,955	5.6	37,955	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	2,574,000	26,922	1.6	26,922	
	Fu Hwa Development Enterprise Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,050,000	20,543	3.5	20,543	
	Locus Publishing Company	Note 1	Non-current financial assets at fair value through other comprehensive income	1,402,386	19,085	13.5	19,085	
	Overseas Investment & Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,000,000	9,737	1.1	9,737	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paradigm Investment Co., Ltd.	Sino Cell Technologies Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,691,343	\$ 6,492	10.0	\$ 6,492	
	Taiwan Stock Exchange Corporation	-	Non-current financial assets at fair value through other comprehensive income	1,743	297	-	297	
Chung Hwa Pulp Corporation	<u>Ordinary shares</u> NTU Innovation & Incubation Co., Ltd.	Note 1	Non-current financial assets at fair value through profit or loss	800,000	-	6.3	-	
	Groundhog Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	275,000	-	1.0	-	
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	99,809,327	1,676,797	0.9	1,676,797	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	17,829,132	303,095	2.5	303,095	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	323,455	23,483	0.4	23,483	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	183,794	14.9	183,794	
	Direct Insight Inc.	-	Non-current financial assets at fair value through other comprehensive income	265,000	3	1.0	3	
Hwa Fong Investment Co., Ltd.	<u>Ordinary shares</u> Everest Technology Inc.	-	Non-current financial assets at fair value through profit or loss	150,000	-	0.2	-	
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	2,394,960	40,235	-	40,235	
YFY Corporate Advisory & Services Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	2,630,519	37,005	-	37,005	
YFY Japan Co., Ltd.	<u>Ordinary shares</u> Beautone Japan Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	440	JPY 129,294 thousand	36.7	JPY 129,294 thousand	
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	14,592,616	202,284	-	202,284	
Genovella Renewables Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	97,099	1,366	-	1,366	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yeon Technologies Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	324,058	\$ 4,559	-	\$ 4,559	
Sustainable Carbohydrate Innovation Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	360,954	5,078	-	5,078	
YFY Biotech Management Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,714,290	12,612	-	12,612	
	<u>Ordinary shares</u> Neuro Sky, Inc.	-	Non-current financial assets at fair value through other comprehensive income	48,308,183	-	10.3	-	
	Elixir Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,662,558	-	2.2	-	
	Nereus Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,682,602	-	0.9	-	
	ACM Medical Technologies, Inc.	-	Non-current financial assets at fair value through other comprehensive income	760,000	-	7.3	-	
Arizon RFID Technology Co., Ltd.	<u>Negotiable certificates of deposit</u> Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 189 in 2020	-	Non-current financial assets at amortized cost	-	RMB 50,000 thousand	-	RMB 50,000 thousand	
	Industrial and Commercial Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 2 in 2021	-	Non-current financial assets at amortized cost	-	RMB 22,000 thousand	-	RMB 22,000 thousand	
	Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 017 in 2021	-	Non-current financial assets at amortized cost	-	RMB 15,000 thousand	-	RMB 15,000 thousand	
	Bank of Communications RMB Large-denomination Certificate of Deposit for Corporate Clients No. 55 in 2021	-	Non-current financial assets at amortized cost	-	RMB 13,000 thousand	-	RMB 13,000 thousand	
	China Merchants Bank RMB Large-denomination Certificate of Deposit for Corporate Clients No. 111 in 2022	-	Non-current financial assets at amortized cost	-	RMB 55,000 thousand	-	RMB 55,000 thousand	

Note 1: The investor is a member of the board of directors or a supervisor.

Note 2: A member of the board of directors of the investor.

(Concluded)

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal		Number of Shares	Amount	
Shin Foong Specialty and Applied Materials Co., Ltd.	Beneficiary certificates Mega Diamond Money Market Fund	Note 1	-	-	31,575,236	\$ 400,298	51,229,668	\$ 650,000	39,413,900	\$ 500,130	\$ 500,000	\$ 130	\$ 594 (Note 5)	43,391,004	\$ 550,892	-
	SinoPac TWD Money Market Fund	Note 1	-	-	34,899,171	490,236	28,457,093	400,000	34,899,171	490,615	490,000	615	93 (Note 5)	28,457,093	400,329	-
YFY Global Investment B.V.	Ordinary shares YFY RFID Co. Limited	Note 2	Arizon RFID Technology (Cayman) Co., Ltd.	Subsidiary	25,600,000	US\$ 110,416 thousand	-	-	25,600,000	US\$ 111,624 thousand	US\$ 108,076 thousand	US\$ 3,548 thousand (Note 4)	US\$ (2,340) thousand (Note 6)	-	-	(Note 7)
	Arizon RFID Technology (Cayman) Co., Ltd.	Note 2	Note 3	Note 3	-	-	56,244,935	US\$ 111,624 thousand	-	-	-	-	US\$ (1,361) thousand (Note 6)	56,244,935	US\$ 110,263 thousand	(Note 7)
Arizon RFID Technology (Cayman) Co., Ltd.	Ordinary shares YFY RFID Co. Limited	Note 2	Former shareholder of YFY RFID Co. Limited	Parent company	-	-	29,584,886	RMB 822,462 thousand	-	-	-	-	RMB 32,747 thousand (Note 6)	29,584,886	RMB 855,209 thousand	(Note 7)

Note 1: Accounted for as current financial assets at FVTPL.

Note 2: Accounted for as investments accounted for using equity method.

Note 3: Arizon RFID Technology (Cayman) Co. issued 56,244,934 shares and acquiring 1 share from YFY RFID Co. Limited by cash for the organizational reorganization.

Note 4: Accounted for as capital surplus.

Note 5: Accounted for as gain on the fair value change of financial instruments at FVTPL.

Note 6: Including capital surplus, exchange differences on translation of foreign financial statements and share of profit of associates accounted for using equity method, net.

Note 7: In preparing the consolidated financial statements, the transaction has been eliminated.

YFY INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount (Note 2)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% of Total	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 a	Sales	\$ 395,443	8	In agreed terms	\$ -	-	\$ 65,193	3	-
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 a	Sales	281,880	6	In agreed terms	-	-	53,334	2	-
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 a	Sales	200,367	4	In agreed terms	-	-	28,382	1	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 a	Sales	106,533	2	In agreed terms	-	-	16,214	1	-
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 a	Sales	219,321	5	In agreed terms	-	-	179,904	8	-
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 a	Sales	161,293	3	In agreed terms	-	-	26,542	1	-
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 a	Sales	242,560	5	In agreed terms	-	-	135,023	6	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 a	Sales	2,879,997	60	In agreed terms	-	-	1,421,400	62	-
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 a	Sales	138,693	3	In agreed terms	-	-	54,402	2	-
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a	Sales	497,120	7	3 months after transaction month	-	-	176,077	8	-
	Chung Hwa Pulp Corporation	Note 1 b	Sales	505,729	7	2 months after transaction month	-	-	226,547	10	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b	Sales	423,533	6	In agreed terms	-	-	162,310	7	-
Chung Hwa Pulp Corporation	YFY Development Corp.	Note 1 b	Sales	402,676	4	Half month after transaction month	-	-	42,558	1	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	340,924	3	2 months after transaction month	-	-	213,256	5	-
	Shenzhen Jinglun Paper Co., Ltd.	Note 1 b	Sales	607,505	6	5 months after transaction month	-	-	731,857	19	-
	Union Paper Corp.	Note 1 b	Sales	396,571	4	1 month after transaction month	-	-	81,024	2	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a	Sales	638,657	30	In agreed terms	-	-	239,956	39	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b	Sales	123,044	31	In agreed terms	-	-	64,059	26	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	140,370	99	In agreed terms	-	-	108,130	100	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Note 1 b	Sales	211,212	94	In agreed terms	-	-	138,281	100	-
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	258,132	100	In agreed terms	-	-	55,604	94	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	1,081,563	89	In agreed terms	-	-	279,348	91	-
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b	Sales	127,789	11	In agreed terms	-	-	26,034	9	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a	Sales	417,761	13	In agreed terms	-	-	178,274	20	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	174,718	13	2 months after transaction month	-	-	50,958	13	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b	Sales	257,361	5	In agreed terms	-	-	241,651	7	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b	Sales	190,831	4	In agreed terms	-	-	45,882	1	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 b	Sales	164,253	3	In agreed terms	-	-	236,449	7	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 b	Sales	117,361	2	In agreed terms	-	-	132,502	4	-

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note 2)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% of Total	
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	\$ 102,683	9	4 months after transaction month	\$ -	-	\$ 92,538	50	-
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Note 1 a	Sales	131,532	13	In agreed terms	-	-	92,108	23	-

Note 1: The relationships are as follows:

- a. Subsidiary.
- b. Parent company or the same ultimate parent company.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

YFY INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Subsidiary	\$ 176,077	5.45	\$ -	-	\$ 95,316	\$ -	
	Chung Hwa Pulp Corporation	The same ultimate parent company	226,547	4.21	-	-	94,218	-	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	162,310	5.17	-	-	62,340	-	
Chung Hwa Pulp Corporation	Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	213,256	3.92	-	-	32,762	-	
	Shenzhen Jinglun Paper Co., Ltd.	The same ultimate parent company	731,857	1.52	-	-	205,283	-	
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Jiaxing) Co., Ltd.	The same ultimate parent company	132,502	1.65	-	-	29,989	-	
	YFY Paper Enterprise (Shanghai) Co., Ltd.	The same ultimate parent company	236,449	1.55	-	-	66,424	-	
	YFY Paper Enterprise (Nanjing) Co., Ltd.	The same ultimate parent company	241,651	2.25	-	-	19,276	-	
	YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company	100,801	1.65	-	-	24,552	-	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	1,421,400	4.11	-	-	53,144	-	
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Subsidiary	135,023	5.32	-	-	44,999	-	
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Subsidiary	179,904	3.70	-	-	35,426	-	
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	178,274	4.56	-	-	61,640	-	
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	239,956	7.27	-	-	239,956	-	
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	279,348	8.39	-	-	279,348	-	
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	108,130	2.23	-	-	29,568	-	
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Parent company	101,294	0.94	-	-	92,108	-	
YFY Development Corp.	YFY Packaging Inc.	The same ultimate parent company	122,536	0.01	-	-	41,300	-	
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	138,281	1.93	-	-	26,570	-	

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

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
YFY Inc.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	\$ 5,715,988	\$ 5,715,988	627,827,088	57.8	\$ 8,908,206	\$ 103,283	\$ 57,221	Notes 1, 3 and 4
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Production and sale of SBR (styrene butadiene rubber) latex	71,687	71,687	50,968,248	48.0	2,838,809	123,194	59,504	Notes 1, 3 and 4
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	1,046,360	1,046,360	158,004,565	59.1	2,962,463	401,565	237,522	Notes 1, 3 and 4
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	1,361,355	1,361,355	133,472,904	11.7	4,200,666	3,835,016	448,850	Note 4
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	6,451,806	6,451,806	410,150,000	100.0	6,673,007	291,534	311,991	Notes 1, 3 and 4
	YFY International B.V.	Netherlands	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	15,228,350	(506,072)	(506,072)	Notes 1, 3 and 4
	YFY Global Investment B.V.	Netherlands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	6,621,940	241,217	241,217	Notes 1 and 3
	China Color Printing Co., Ltd.	New Taipei, Taiwan	Design and printing of magazines, posters and books	190,068	190,068	32,896,330	49.7	468,227	1,696	842	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	607,641	343,000	70,000,000	100.0	505,335	24,364	10,318	Notes 1 and 3
	YFY Development Corp.	Taipei, Taiwan	Real estate investment and development	2,311,115	2,311,115	168,500,000	100.0	4,466,357	81,060	81,060	Notes 1, 3 and 4
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	45,079	9,808	9,808	Notes 1 and 3
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	240,237	9,149	1,749	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	165,681,400	100.0	3,322,241	19,287	19,287	Notes 1, 3 and 4
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construction of water processing and environmental facilities	-	-	2,500,000	100.0	49,812	6	6	Notes 1 and 3
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	91,617	(1,475)	(1,475)	Notes 1 and 3
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	62,462	62,462	6,178,500	50.9	71,125	3,262	1,662	Notes 1 and 3
	Fidelis IT Solutions Co., Ltd.	Taipei, Taiwan	1. Provides services in information software and information processing. 2. Wholesale of information software and electric appliances.	10,000	10,000	2,857,000	100.0	90,990	17,491	17,491	Notes 1 and 3
	Taiwan Genome Science, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture and wholesale of chemical material. 3. Medicine testing.	5,613	5,613	561,291	19.4	9,679	242	47	-
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	31,045	1,600	1,600	Notes 1 and 3
	YFY International B.V.	Hwa Fong Paper (Hong Kong) Co., Ltd.	Hong Kong, China	Sale and print of paper merchandise	US\$ 13,520 thousand	US\$ 13,520 thousand	116,000,000	100.0	US\$ 1,227 thousand	US\$ (298) thousand	US\$ (298) thousand
YFY Biopulp Technology Limited		British Virgin Islands	Investment and holding	US\$ 90 thousand	US\$ 90 thousand	90,000	60.0	US\$ 3 thousand	US\$ (3) thousand	US\$ (2) thousand	Notes 1 and 3
YFY Mauritius Corp.		Mauritius	Investment and holding	US\$ 196,334 thousand	US\$ 196,334 thousand	312,501,731	100.0	US\$ 187,112 thousand	US\$ (18,441) thousand	US\$ (18,441) thousand	Notes 1, 3 and 4
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Malaysia	Investment and holding	US\$ 900 thousand	US\$ 900 thousand	900,000	100.0	US\$ 623 thousand	-	-	Notes 1 and 3
	Willpower Industries Ltd.	British Virgin Islands	Sale of various paper products	US\$ 78,838 thousand	US\$ 78,838 thousand	15,500,000	100.0	US\$ 56,257 thousand	US\$ 3,351 thousand	US\$ 3,351 thousand	Notes 1 and 3
	Winsong Packaging Investment Company Limited	Hong Kong, China	Investment and holding	US\$ 9,520 thousand	US\$ 9,520 thousand	9,520,000	70.0	US\$ 8,879 thousand	US\$ 10 thousand	US\$ 7 thousand	Notes 1 and 3
	YFYPack Advance Ltd.	British Virgin Islands	Investment and holding	-	-	-	-	-	-	-	Notes 1, 3 and 5
Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 12,400 thousand	US\$ 12,400 thousand	12,400,000	100.0	US\$ 10,719 thousand	US\$ (298) thousand	US\$ (298) thousand	Notes 1 and 3
	YFY Packaging Thai Binh Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 1,200 thousand	US\$ 1,200 thousand	1,200,000	100.0	US\$ 2,068 thousand	US\$ 308 thousand	US\$ 308 thousand	Notes 1 and 3
Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 10,500 thousand	US\$ 10,500 thousand	10,500,000	100.0	US\$ 10,520 thousand	US\$ 179 thousand	US\$ 179 thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 5,100 thousand	US\$ 5,100 thousand	5,100,000	100.0	US\$ 43,088 thousand	US\$ 3,559 thousand	US\$ 3,559 thousand	Notes 1 and 3
	Perpetual Prosperity Printing Technology Co., Ltd.	British Virgin Islands	Sale of various paper products	US\$ 4,500 thousand	US\$ 4,500 thousand	4,500,000	24.0	US\$ 3,393 thousand	US\$ (1,552) thousand	US\$ (372) thousand	-
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Vietnam	Manufacture and sale of cardboard	US\$ 1,200 thousand	US\$ 1,200 thousand	1,200,000	100.0	VND 84,802,175 thousand	VND 7,650,252 thousand	VND 7,650,252 thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 6,285 thousand	US\$ 6,285 thousand	10,000,000	100.0	VND 633,648,413 thousand	VND 50,491,175 thousand	VND 50,491,175 thousand	Notes 1 and 3
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Hong Kong, China	Investment and holding	HK\$ 10 thousand	HK\$ 10 thousand	10,000	100.0	US\$ 11,985 thousand	US\$ 7,673 thousand	US\$ 7,673 thousand	Notes 1 and 3
	YFY Jupiter Limited	Hong Kong, China	Design of packaging and sale of paper	-	-	3	100.0	US\$ 4,353 thousand	US\$ 365 thousand	US\$ 365 thousand	Notes 1 and 3
	Jupiter Prestige Group Holdings Limited	United Kingdom	Investment and holding	GBP 219 thousand	GBP 219 thousand	88,078	58.3	US\$ 6,498 thousand	US\$ 2,063 thousand	US\$ 1,202 thousand	Notes 1 and 3
	YFY Jupiter US, Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	US\$ 961 thousand	US\$ 199 thousand	US\$ 199 thousand	Notes 1 and 3
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	MYR 990 thousand	MYR 990 thousand	990,000	99.0	US\$ 2,183 thousand	US\$ 829 thousand	US\$ 821 thousand	Notes 1 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 25,000 thousand	IDR 25,000 thousand	25	1.0	US\$ 24 thousand	US\$ 1,013 thousand	US\$ 10 thousand	Note 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
YFY Jupiter US, Inc.	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	\$ -	\$ -	-	1.0	\$ -	US\$ 24 thousand	\$ -	Notes 2 and 3
	Spectiv Brands, LLC	USA	General trade	-	-	-	100.0	US\$ 6 thousand	-	-	Notes 1 and 3
Mobius105 Ltd.	YJY Packaging Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 233 thousand	US\$ 38 thousand	US\$ 13 thousand	-
	JLD Logistics Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 208 thousand	US\$ 73 thousand	US\$ 26 thousand	-
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	MYR 10 thousand	MYR 10 thousand	10,000	1.0	US\$ 22 thousand	US\$ 829 thousand	US\$ 8 thousand	Note 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	MXN 3 thousand	MXN 3 thousand	-	99.0	-	US\$ 24 thousand	US\$ 23 thousand	Notes 1, 2 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 2,475,000 thousand	IDR 2,475,000 thousand	2,475	99.0	US\$ 2,410 thousand	US\$ 1,013 thousand	US\$ 1,003 thousand	Notes 1 and 3
	Jupiter Vietnam Company Limited	Vietnam	Design of packaging	VND 1,129,700 thousand	VND 1,129,700 thousand	-	100.0	-	US\$ (112) thousand	US\$ (112) thousand	Notes 1, 2 and 3
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	United Kingdom	Graphic design	GBP 30 thousand	GBP 30 thousand	30,000	100.0	US\$ 5,757 thousand	US\$ 913 thousand	US\$ 913 thousand	Notes 1 and 3
	Jupiter Prestige Group North America Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	US\$ 834 thousand	US\$ 778 thousand	US\$ 778 thousand	Notes 1 and 3
	Jupiter Prestige Group Australia Pty Ltd.	Australia	Graphic design	-	-	100	100.0	US\$ 295 thousand	US\$ 101 thousand	US\$ 101 thousand	Notes 1 and 3
	Opal BPM Limited	United Kingdom	Design of process system and assistance in graphic design	GBP 1 thousand	GBP 1 thousand	825	82.5	US\$ 859 thousand	US\$ 450 thousand	US\$ 371 thousand	Notes 1 and 3
	Foster and Balyis (Prestige) Limited	United Kingdom	Graphic design	-	-	300	33.3	US\$ 436 thousand	US\$ 115 thousand	US\$ 38 thousand	-
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design	-	-	100	100.0	US\$ 3,847 thousand	US\$ 861 thousand	US\$ 861 thousand	Notes 1 and 3
Jupiter Prestige Group North America Inc.	Contrast LLC	USA	Brand Design	US\$ 66 thousand	US\$ 66 thousand	-	80.0	US\$ 342 thousand	US\$ 207 thousand	US\$ 165 thousand	Notes 1 and 3
Opal BPM Limited	Opal BPM India Private Limited	India	Workflow system coding	INR 100 thousand	INR 100 thousand	10,000	100.0	US\$ 128 thousand	US\$ 8 thousand	US\$ 8 thousand	Notes 1 and 3
	Opal BPM Consulting Limited	United Kingdom	Consulting services of workflow system coding	GBP 1 thousand	GBP 1 thousand	1,000	100.0	US\$ 1 thousand	-	-	Notes 1 and 3
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	British Virgin Islands	Investment and holding	2,213,770	2,213,770	58,134,277	100.0	429	-	-	Notes 1 and 3
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	219,623	219,623	20,027,557	66.8	386,400	21,311	20,998	Notes 1 and 3
	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding	2,388,912	2,388,912	70,615,601	100.0	2,086,562	96,496	96,496	Notes 1 and 3
YFY Global Investment B.V.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	-	US\$ 25,600 thousand	-	-	-	US\$ 5,945 thousand	-	Notes 1 and 3
	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 16,862 thousand	US\$ 16,862 thousand	10,372,342	83.7	US\$ 29,649 thousand	US\$ 4,592 thousand	US\$ 3,879 thousand	Notes 1 and 3
	YFY RFID Technologies Co., Ltd.	British Virgin Islands	Investment and holding	US\$ 5,330 thousand	US\$ 5,330 thousand	5,330,000	100.0	US\$ 369 thousand	US\$ (3) thousand	US\$ (3) thousand	Notes 1 and 3
	Arizon RFID Technology (Cayman) Co., Ltd.	Cayman Islands	Investment and holding	US\$ 111,624 thousand	-	56,244,935	86.5	US\$ 110,263 thousand	US\$ 5,945 thousand	US\$ 5,144 thousand	Notes 1 and 3
Arizon RFID Technology (Cayman) Co., Ltd.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	US\$ 128,999 thousand	\$ -	29,584,886	100.0	RMB 855,209 thousand	RMB 38,529 thousand	RMB 38,529 thousand	Notes 1 and 3
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Product distribution and R&D services	US\$ 22,000 thousand	US\$ 12,000 thousand	22,000,000	100.0	RMB 104,379 thousand	RMB (9,548) thousand	RMB (9,548) thousand	Notes 1 and 3
	Arizon JAPAN Co., Ltd.	Japan	Product distribution and technical consulting services	JPY 50,000 thousand	JPY 50,000 thousand	1,000	100.0	RMB 925 thousand	RMB (584) thousand	RMB (584) thousand	Notes 1 and 3
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Taipei, Taiwan	Sale and design of RFID (radio frequency identification) products	US\$ 1,187 thousand	US\$ 1,187 thousand	2,500,001	100.0	US\$ 157 thousand	US\$ (1) thousand	US\$ (1) thousand	Notes 1 and 3
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment and holding	3,845,458	3,845,458	150,013,000	100.0	3,233,410	(59,489)	(59,489)	Notes 1, 3 and 4
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	239,417	17,687	17,924	Notes 1 and 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of consumer products in e-commerce	55,041	55,041	5,000,000	100.0	85,749	34,502	32,919	Notes 1 and 3
	YFY Consumer Products, Co.	USA	IP management and sale of consumer products by e-commerce	-	-	-	100.0	-	-	-	Notes 1 and 3
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong, China	General trade	-	-	-	100.0	-	-	-	Notes 1 and 3
Shin Foong Specialty and Applied Materials Co., Ltd.	Shin Foong Trading Sdn. Bhd.	Malaysia	Sale of SBR (styrene butadiene rubber) and industrial chemicals	10,568	10,568	1,500,000	100.0	14,724	3,717	3,717	Notes 1, 3 and 4
YFY Development Corp.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	15,206	15,206	1,181,633	0.1	16,658	103,283	105	Notes 3 and 4
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	63,446	63,446	5,136,400	1.9	96,303	401,565	7,721	Notes 3 and 4
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	627,142	627,142	23,326,296	2.0	788,724	3,835,016	78,443	Note 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	\$ -	\$ 5,766	-	-	\$ -	\$ 24,364	\$ 295	Note 3
	Taiwan Genome Science, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture and wholesale of chemical material. 3. Medicine testing.	1,625	1,625	75,988	2.6	1,310	242	6	-
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp. YFY Biotech Co., Ltd.	British Virgin Islands Taipei, Taiwan	Investment and holding	243,625	243,625	8,060	100.0	122,494	32,844	32,844	Notes 1 and 3
			Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.0	-	(72,862)	(8,446)	-
YFY Paradigm Investment Co., Ltd.	Chung Hwa Pulp Corporation Yuen Foong Yu Consumer Products Co., Ltd.	Hualien, Taiwan Taipei, Taiwan	Pulp and paper production, trading and forestry business	79,242	79,242	7,752,732	0.7	109,309	103,283	687	Notes 3 and 4
			Production and sale of high quality paper and paper-related merchandise	281,907	281,907	17,386,815	6.5	325,991	401,565	26,137	Notes 3 and 4
Chung Hwa Pulp Corporation	E Ink Holdings Inc. Union Paper Corp. YFY Biotech Management Co., Ltd. Livebricks Inc. Taiwan Genome Science, Inc. Yuen Yan Paper Container Co., Ltd. Pek Crown Paper Co., Ltd.	Hsinchu, Taiwan Yunlin, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Miaoli, Taiwan Taichung, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	374,929	374,929	7,872,000	0.7	437,639	3,835,016	26,472	Note 4
			Manufacture and sale of paper	46,447	46,447	4,283,232	4.1	52,544	9,149	379	Note 3
			Consulting	10,000	10,000	26,430,000	100.0	227,887	(10,549)	(10,549)	Notes 1 and 3
			Information processing services	77,000	77,000	7,700,002	100.0	1,919	57	57	Notes 1 and 3
			1. Develop skills in genome medicine. 2. Manufacture and wholesale of chemical material. 3. Medicine testing.	425	425	19,874	0.7	343	242	2	-
			Sale and manufacture of corrugated paper and materials	108	108	9,000	0.07	104	3,262	2	Note 3
			Manufacture and sale of containers	152	152	10,000	0.03	193	21,311	7	Note 3
CHP International (BVI) Corporation	E Ink Holdings Inc. CHP International (BVI) Corporation Effion Enertech Co., Ltd. Hwa Fong Investment Co., Ltd.	Hsinchu, Taiwan British Virgin Islands Taipei, Taiwan Taipei, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	329,000	329,000	20,000,000	1.8	534,256	3,835,016	67,257	Note 4
			Investment and holding	1,747,085	1,747,085	61,039,956	100.0	5,100,172	31,723	38,070	Notes 1, 3 and 4
			To operate cogeneration and provide power technology	-	343,000	-	-	-	24,364	14,462	Note 3
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong, China	Investment and holding	36,000	36,000	3,600,000	100.0	103,415	9,487	9,487	Notes 1 and 3
			Sale and print of paper merchandise	US\$ 466 thousand	US\$ 466 thousand	34,000,000	100.0	US\$ 363 thousand	US\$ 45 thousand	US\$ 45 thousand	Notes 1 and 3
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd. Union Paper Corp. Genovella Renewables Inc.	Taipei, Taiwan Yunlin, Taiwan Hualien, Taiwan	To operate cogeneration and provide power technology	-	7,000	-	-	-	24,364	295	Note 3
			Manufacture and sale of paper	40,023	30,327	5,673,741	5.5	69,520	9,149	506	Note 3
			Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	5,000	5,000	-	100.0	20,252	1,864	1,864	Notes 1 and 3

Note 1: Subsidiary.

Note 2: The amount was reclassified from investments accounted for using the equity method to other liabilities.

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: Recognized from financial statements reviewed by the auditors for the same periods.

Note 5: YFYPack Advance Ltd. entered the liquidation in January 2022. Due to the Group's loss of control, it has not been included in the consolidated financial statements since January 2022.

(Concluded)

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on investments in mainland China

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 148,600 (US\$ 5,000 thousand)	a.(a)	\$ 44,580 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 44,580 (US\$ 1,500 thousand)	\$ (31,687)	100.0	\$ (31,687) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	326,920 (US\$ 11,000 thousand)	a.(b)	208,040 (US\$ 7,000 thousand)	-	-	208,040 (US\$ 7,000 thousand)	(2,095)	100.0	(2,095) (Note 2)	436,848	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	208,040 (US\$ 7,000 thousand)	a.(b)	208,040 (US\$ 7,000 thousand)	-	-	208,040 (US\$ 7,000 thousand)	(10,416)	100.0	(10,416) (Note 2)	244,521	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	237,760 (US\$ 8,000 thousand)	a.(b)	237,760 (US\$ 8,000 thousand)	-	-	237,760 (US\$ 8,000 thousand)	21,706	100.0	21,706 (Note 2)	408,941	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	178,320 (US\$ 6,000 thousand)	a.(b)	59,440 (US\$ 2,000 thousand)	-	-	59,440 (US\$ 2,000 thousand)	12,888	100.0	12,888 (Note 2)	286,457	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	237,760 (US\$ 8,000 thousand)	a.(b)	241,118 (US\$ 8,113 thousand)	-	-	241,118 (US\$ 8,113 thousand)	26,024	100.0	26,024 (Note 2)	370,894	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	237,760 (US\$ 8,000 thousand)	a.(b)	237,760 (US\$ 8,000 thousand)	-	-	237,760 (US\$ 8,000 thousand)	22,806	100.0	22,806 (Note 2)	434,148	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	295,981 (US\$ 9,959 thousand)	a.(c)	267,480 (US\$ 9,000 thousand)	-	-	267,480 (US\$ 9,000 thousand)	28,425	100.0	28,425 (Note 2)	429,379	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	282,340 (US\$ 9,500 thousand)	a.(b)	222,900 (US\$ 7,500 thousand)	-	-	222,900 (US\$ 7,500 thousand)	(535)	93.8	(501) (Note 2)	343,282	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	193,180 (US\$ 6,500 thousand)	a.(b)	193,180 (US\$ 6,500 thousand)	-	-	193,180 (US\$ 6,500 thousand)	(5,810)	100.0	(5,810) (Note 2)	252,185	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	178,320 (US\$ 6,000 thousand)	a.(b)	142,656 (US\$ 4,800 thousand)	-	-	142,656 (US\$ 4,800 thousand)	35,658	100.0	35,658 (Note 2)	401,787	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 148,600 (US\$ 5,000 thousand)	a.(a)	\$ 148,600 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 148,600 (US\$ 5,000 thousand)	\$ (16,619)	100.0	\$ (16,619) (Note 2)	\$ 100,069	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,601,700 (US\$ 323,072 thousand)	a.(a)	2,585,640 (US\$ 87,000 thousand)	-	-	2,585,640 (US\$ 87,000 thousand)	(481,492)	100.0	(481,492) (Note 2)	5,675,312	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	7,272,335 (US\$ 244,695 thousand)	a.(b)	7,281,400 (US\$ 245,000 thousand)	-	-	7,281,400 (US\$ 245,000 thousand)	(610,712)	100.0	(610,712) (Note 2)	-	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	442,828 (US\$ 14,900 thousand)	a.(d)	416,258 (US\$ 14,006 thousand)	-	-	416,258 (US\$ 14,006 thousand)	2,565	94.0	2,411 (Note 6)	341,040	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	237,760 (US\$ 8,000 thousand)	a.(d)	237,760 (US\$ 8,000 thousand)	-	-	237,760 (US\$ 8,000 thousand)	1,182	100.0	1,182 (Note 6)	104,129	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	860,372 (RMB 194,290 thousand)	a.(e)	754,650 (US\$ 25,392 thousand)	-	-	754,650 (US\$ 25,392 thousand)	175,030	86.5	151,425 (Note 6)	3,246,724	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	35,426 (RMB 8,000 thousand)	a.(f)	-	-	-	-	339	86.5	293 (Note 6)	51,819	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	10,402 (US\$ 350 thousand)	a.(g)	-	-	-	-	96,174	83.7	81,269 (Note 6)	188,399	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,857 (RMB 2,000 thousand)	a.(h)	-	-	-	-	23,648	83.7	19,978 (Note 6)	71,912	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	22,141 (RMB 5,000 thousand)	a.(h)	-	-	-	-	14,867	83.7	12,561 (Note 6)	40,343	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,642 (RMB 1,500 thousand)	a.(h)	-	-	-	-	(1,760)	29.3	(519) (Note 6)	2,595	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(h)	-	-	-	-	1,518	29.3	444 (Note 6)	535	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,857 (RMB 2,000 thousand)	a.(h)	-	-	-	-	6,808	29.3	1,986 (Note 6)	4,448	-
YFY Investment Co., Ltd.	Investment and holding and sale of paper	3,417,800 (US\$ 115,000 thousand)	a.(i)	3,417,800 (US\$ 115,000 thousand)	-	-	3,417,800 (US\$ 115,000 thousand)	(68,210)	67.6	(46,097) (Note 2)	1,499,938	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	\$ 891,600 (US\$ 30,000 thousand)	a.(j)	\$ 891,600 (US\$ 30,000 thousand)	\$ -	\$ -	\$ 891,600 (US\$ 30,000 thousand)	\$ 255	67.6	\$ 172 (Note 6)	\$ 191,037	\$ -
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	891,600 (US\$ 30,000 thousand)	a.(j)	891,600 (US\$ 30,000 thousand)	-	-	891,600 (US\$ 30,000 thousand)	22,573	67.6	15,255 (Note 6)	811,335	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,544,924 (US\$ 85,630 thousand)	a.(k)	653,840 (US\$ 22,000 thousand)	-	-	653,840 (US\$ 22,000 thousand)	70,445	75.2	52,941 (Note 2)	3,441,406	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	650,274 (US\$ 21,880 thousand)	a.(l)	219,334 (US\$ 7,380 thousand)	-	-	219,334 (US\$ 7,380 thousand)	12,980	75.2	9,755 (Note 6)	2,259,287	-
Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	44,283 (RMB 10,000 thousand)	a.(m)	-	-	-	-	-	50.4	- (Note 6)	22,297	-
Zhaoqing Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flue gas, noise and solid waste treatment; pure water treatment construction; environmental technology consulting; sale of environmental protection equipment and chemical raw material; import and export of cargo and technology	8,857 (RMB 2,000 thousand)	a.(n)	-	-	-	-	3,444	75.2	2,588 (Note 6)	11,038	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,171 (RMB 3,200 thousand)	a.(n)	-	-	-	-	(3,891)	75.2	(2,931) (Note 6)	97,857	-
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	221,414 (RMB 50,000 thousand)	a.(o)	221,414 (RMB 50,000 thousand)	-	-	221,414 (RMB 50,000 thousand)	32,872	100.0	26,555 (Note 6)	122,305	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022 (Notes 1 and 5)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,280,853	\$18,162,939	\$43,985,426

(Continued)

Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$28.724667 or RMB1=NT\$4.432169, the rest were translated at exchange rates of US\$1=NT\$29.72 or RMB1=NT\$4.428286 as of June 30, 2022.

Note 2: Recognized from financial statements reviewed by the auditors for the same periods.

Note 3: Difference between the amount of the paid-in capital multiplied by percentage of ownership and the cumulative amount of investment exports from Taiwan at the end of period: Guangdong Dingfung Pulp & Paper Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. capitalized retained earnings; YFY Paper Enterprise (Zhongshan) Co., Ltd., YFY Paper Enterprise (Kunshan) Co., Ltd., YFY Paper Enterprise (Dongguan) Co., Ltd. and YFY Paper Enterprise (Fuzhou) Co., Ltd. are subsidiaries reinvested earnings from China. YFY Jupiter (Shenzhen) Ltd. was acquired indirectly due to the acquirement of YFY Jupiter (BVI) Inc.

Note 4: Methods of investment and the related investors are as follow:

a. Investment in mainland China through companies set up in another company. The related investors are as follow:

(a) YFY Mauritius Corp. (b) YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (d) YFY International B.V. (e) YFY RFID Co., Ltd. (f) Arizon RFID Technology Co., Ltd. (g) Mobius 105 Ltd. (h) YFY Jupiter (Shenzhen) Ltd. (i) Yuen Foong Yu Consumer Products Investment Limited (j) YFY investment Co., Ltd. (k) YFY International B.V. and CHP International (BVI) Corporation (l) YFY International B.V., CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (m) Zhaoqing Dingfung Forestry Co., Ltd. (n) Guangdong Dingfung Pulp & Paper Co., Ltd. (o) YFY Capital Holdings Corp.

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,501,997 thousand made by investor of mainland China has been deducted.

Note 6: Recognized from financial statements that have not been reviewed.

Note 7: Except Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd., and Chengdu JingShiTong Packing Co., Ltd. are associates accounted for using the equity method, other investments have been eliminated in preparing the consolidated financial statements.

2. Investment in mainland China's significant transaction events that occur directly or indirectly through companies set up in another country are referred to in Tables 2, 3, 6, 7 and 10.

(Concluded)

YFY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Subsidiary	Sales	\$ 497,120	By market price	1.2
		Chung Hwa Pulp Corporation	The same ultimate parent company	Accounts receivable	176,077	3 months after transaction month	0.1
				Sales	505,729	By market price	1.3
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Accounts receivable	226,547	2 months after transaction month	0.2
Sales	423,533			By market price	1.1		
		Accounts receivable	162,310	In agreed terms	0.1		
2	Chung Hwa Pulp Corporation	YFY Development Corp.	The same ultimate parent company	Sales	402,676	By market price	1.0
		Shenzhen Jinglun Paper Co., Ltd.	The same ultimate parent company	Sales	607,505	By market price	1.5
		Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Accounts receivable	731,857	5 months after transaction month	0.5
				Sales	340,924	By market price	0.9
Union Paper Corp.	The same ultimate parent company	Accounts receivable	213,256	2 months after transaction month	0.2		
		Sales	396,571	By market price	1.0		
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	102,683	By market price	0.3
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	258,132	By market price	0.6
5	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	638,657	By market price	1.6
				Accounts receivable	239,956	In agreed terms	0.2
6	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	1,081,563	By market price	2.7
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Accounts receivable	279,348	In agreed terms	0.2
				Sales	127,789	By market price	0.3
7	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	123,044	By market price	0.3
8	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	Sales	2,879,997	By market price	7.2
				Accounts receivable	1,421,400	In agreed terms	1.0
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Subsidiary	Sales	395,443	By market price	1.0
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Subsidiary	Sales	281,880	By market price	0.7
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Subsidiary	Sales	200,367	By market price	0.5
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Subsidiary	Sales	242,560	By market price	0.6
				Accounts receivable	135,023	In agreed terms	0.1
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Subsidiary	Sales	161,293	By market price	0.4
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Subsidiary	Sales	219,321	By market price	0.5
				Accounts receivable	179,904	In agreed terms	0.1
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Subsidiary	Sales	106,533	By market price	0.3
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary	Sales	138,693	By market price	0.3		

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
9	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 417,761 178,274	By market price 2 months after transaction month	1.0 0.1
10	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales	174,718	By market price	0.4
11	Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Sales Accounts receivable	211,212 138,281	By market price Net 120 days	0.5 0.1
12	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Jiaxing) Co., Ltd. YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company	Sales Accounts receivable Sales Accounts receivable Sales Sales Accounts receivable Accounts receivable	257,361 241,651 164,253 236,449 190,831 117,361 132,502 100,801	By market price In agreed terms By market price In agreed terms By market price By market price In agreed terms In agreed terms	0.6 0.2 0.4 0.2 0.5 0.3 0.1 0.1
13	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Sales Accounts receivable	140,370 108,130	By market price In agreed terms	0.4 0.1
14	YFY Development Corp.	YFY Packaging Inc.	The same ultimate parent company	Accounts receivable	122,536	In agreed terms	0.1
15	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Subsidiary	Sales	131,532	By market price	0.3
16	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Parent company	Accounts receivable	101,294	In agreed terms	0.1

Note 1: The table disclosed the transaction above NT\$100 million.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

TABLE 11**YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shou-Chung Ho	162,265,028	9.77
Hsin-Yi Foundation	94,004,485	5.66

Note: The information of major shareholders presented in this table is provided by 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.