



YFY Inc.

2021 Annual Report

For more information regarding this annual report, please visit
The Market Observation Post System: <http://mops.twse.com.tw>
Company Website: <http://www.yfy.com>
Printed on: 2022.04.25

I. Name, title, contact number, and email of the Company's spokesperson:

- Vice President K. T. Yin | TEL : (02)2396-8020 | E-mail : ktyin@yfy.com

II. Addresses and phone numbers of the headquarters, branch offices, and plants:

- Yuen Foong Yu Investment Holding Co., Ltd.:
No. 14, Jiutang Road, Jiutang Village, Dashu District, Kaohsiung | TEL : (07)651-2611
- Taipei branch: | 15F, No. 51, Chongqing S. Road Sec. 2, Taipei | TEL : (02)2396-8020

III. Name, address, website, and telephone number of stock transfer agent:

- SinoPac Securities - Share Registration Services Department
3F, No. 17, Boai Road, Zhongzheng District, Taipei, Taiwan | TEL : +886-2-2381-6288
<https://www.sinotrade.com.tw>

IV. Name, firm name, address, website, and telephone number of the CPA who attested the most recent year's financial statements:

- CPA: Hui-Min Huang and Ya-Ling Wong.
Deloitte and Touche
20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan | TEL : +886-2-2725-9988
<http://www2.deloitte.com>

V. Stock exchange(s) on which the stock is traded overseas and ways to obtain relevant information: N/A

VI. Company Website: <http://www.yfy.com>

Notice to readers

This English-version annual report is a translation version from the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Letter to shareholders

The threat of COVID-19 loomed over the world throughout 2021. It brought about shortages in shipping containers, port congestion, unexpected surges in energy and raw material prices, and it disrupted the global supply chain – not to mention the disruption of daily life. The pandemic severely tested the ability of companies to adapt, and our teams rose to the occasion. With the agile guidance of our leadership and the efforts of all our staff we delivered outstanding results. In 2021, our consolidated income totaled 85.299 billion NTD, an annual increase of 16.47%, while net profit attributable to shareholders was 5.204 billion NTD, an EPS of 3.13 NTD.

In 2021, the three major global risks were the pandemic, inflation, and climate change. The emergence of new COVID-19 variants forced countries to sporadically reinstate measures to limit travel and transport. Raw material prices and supply chains are still affected today. In January, the US Consumer Price Index (CPI) jumped by an annual rate of 7.5%, the fastest pace in 40 years; last December, the eurozone's annual inflation rate rose by 5%, marking six straight months of increases; last October, China's Producer Price Index (PPI) surged by 13.5% year-on-year; and from August last year, Taiwan's CPI exceeded the central bank's alert level of 2% for five consecutive months, with the annual rate reaching 2.62% in December. To combat soaring inflationary pressures, the US Federal Reserve is expected to tighten monetary policy in 2022 by ending QE, raising interest rates, and shrinking the balance sheet. On the climate change front, carbon border taxes and carbon neutrality goals continue to create operational challenges for businesses.

To address this upheaval, our teams drew on YFY's core practices of innovation, circular economy and sustainability– set forth by second generation founder, Show-Chung Ho (S.C. Ho). We have a long history of transformation and we are well aware of the risk that comes with change. Since our founding we have embraced upheaval and created our own rewards. Here is a brief overview of our 2021 highlights and outlook:

Investment and Incubation: Corporate venture capital (CVC) and subsidiary incubation are the focus of our business model since YFY restructured to become an investment management and holding company in 2012. We devote the necessary time and we recoup our investment as each business matures. The latest example is Yuen Foong Yu Consumer Products Co., Ltd. (6790.TW), which went public on the Taiwan Stock Exchange in September 2021, joining our other listed portfolio investments E Ink Holdings Inc. (8069TW), TaiGen Biotechnology Co., Ltd. (4157.TW), and Shin Foong Specialty and Applied Materials Co., Ltd. (6582.TW).

Environmental, Social, and Governance (ESG): YFY has officially established the Sustainable Development Committee to further transform our ESG goals into tangible, meaningful action. The committee actively manages issues of corporate governance, environmental sustainability, employee relations, supply chain responsibility, stakeholder management, and social engagement. One of our major achievements of 2021 was YFY Packaging Inc.'s syndicated green loan, recognized by The Asset as Taiwan's first green loan in compliance with Asia Pacific Loan Market Association's principles and certified by an independent third party. Our Five Cycles of Circular Economy garnered many national awards, including three Taiwan Corporate Sustainability Awards and the 18th National Innovation Award for Corporate Innovation.

Innovation: Spurred by the global challenge of net zero emissions by 2050, YFY Academy was founded to serve as a platform to connect global experts in science, technology, and industries for novel sustainable solutions. Due to YFY's origin as an agricultural enterprise, with YFY's Five Cycles of Circular Economy already in place, our next goal is to turn saccharides into a game-changer for carbon neutrality. This untapped natural resource will provide clean energy and an eco-friendly new material to replace plastics.

As YFY approaches its centenary, we endeavor to realize our vision of a low-carbon, low-energy, de-fossilized

future. Moving forward, the company's strategy will be underpinned by five main directives:

Create Green Energy: YFY will continue to devise smart procedures that reclaim resources and reduce energy consumption. To this end, CHP's Taitung mill has added biogas power generation and pelletization equipment, while YFY Paper Manufacturing (Yangzhou) Co., Ltd. has introduced a new waste heat recovery system and biogas reburning. Moreover, YFY Packaging's Xinwu plant has already begun operating Taiwan's first industrial zero coal-burning SRF (Solid Recovered Fuel) cogeneration boiler, which was designed with sufficient capacity to process SRF from other industries. Taking advantage of group synergies, YFY Consumer Products will diversify sources of SRF and increase the proportion of SRF co-firing. These investments in state-of-the-art technologies will gradually reduce coal usage and carbon emissions, as well as drive up the production rate of renewable energy.

Harness AI: YFY is continuing to employ intelligent systems that improve processes and operations. For instance, IIoT (Industrial Internet of Things) technology is forming upstream and downstream eco-industrial chains for each entity under the YFY umbrella. AIoT (Artificial Intelligence of Things) is deepening smart manufacturing, and practical blockchain technology is being applied to bolster overall security, verifiability and efficiency of the supply chain process. Informed by the Six Sigma method for process improvement, these systems will maximize production, improve customer satisfaction, and reduce operating costs.

Close Loops: While practicing a circular economy in our own operations, we are actively looking for the opportunity in other fields. Our "waste-to-resource" technology can facilitate the creation of biogas through anaerobic digestion or other new technologies that can generate electricity for self-use. This will not only improve the autonomy of renewable energy, but also reduce waste for a cleaner environment. YFY's tried-and-true approach will be a model for the world's industries.

Originate Green Materials: Through the international and multidisciplinary platform on glycoscience, the YFY Academy aims to further the advancement of saccharide technology to develop functional materials that are totally recyclable or degradable in an eco-friendly manner. Our vision is to build a "saccharide economy" where plant-based materials will be an economical option as to petrochemical products.

Recognize Promise - Nurture Potential: YFY's business incubation has proven to empower previously emerging technologies. We will continue to cultivate portfolio companies while seeking investment opportunities of tomorrow technologies /applications. Looking forward, YFY's once-fledgling packaging business is expected to apply for listing in Taiwan through the entity YFY Packaging Inc. Arizon RFID Technology Co., Ltd. is also planning to list with the Taiwan Stock Exchange.

With the impact of COVID-19 still reverberating through the global economy in 2022, YFY remains committed to a core philosophy anchored by stable operations and steady growth. As we march forward in these uncertain and rapidly changing times, we shall continue to prudently assess risks as they arise. Whatever the challenge, we hold steadfast to the company's core principals. We will relentlessly pursue innovation and transformation, foster our corporate environment, strive for sustained ESG excellence, and generate reliable long-term returns for our shareholders.

Wishing you all good health and prosperity!



Chairman of Board
YFY Inc



Chapter 2

I. Date of Establishment: February 20, 1950

II. Company History:

1924

- 1924 Ho Jei Lai Trading Company
Mr. Ho Chuan, and his brothers, Mr. Ho Yung and Mr. Ho Yi, established Ho Jei Lai Trading Company., a company in their father's name. The company mainly dealt in fertilizers, sugar, and grain.

1934

- Yuen Foong Corporation was established and the business went corporatization.

1950

- Established Yuen Foong Yu Paper Manufacturing Co., Ltd.
The pioneer of privately owned paper manufacturing plant, located in Jioutang Village, Dashu District in Kaohsiung, which produced Kraft paper and one-side coated paper

1960

- Developed the First Domestic Coated Paper
Developed the most advanced paper-coating technology and successfully produced domestic coated paper to replaced the imported products resulted to YFY's leading position in cultural paper market.

1966

- Merged with Yuen Foong Paper Co., Ltd.
The company located at No. 21 Gushan 3rd Rd., Kaohsiung City.

1968

- Chung Hwa Pulp Co., Ltd.
In response to the government's investment policy in the east of Taiwan, YFY invested CHP in Hualien city. In the same year, the company established Taitung plant to manufacture coated white paper board.

1972

- Merged with Guo Guang Paper Co., Ltd.
Manufactured the first embossed tissue paper in Taiwan.

1977

- YFY listed on the Taiwan Stock Exchange

1980

- Established Taiwan's First Paper Manufacturer R&D Center
Established Taiwan's first and the only paper manufacturer R&D center, focus on the paper manufacturing technology innovation and development.

1986

- Launched "10 Billion Grand Vision Investment Plan"
- Established the company's paper industry foundation.
- Incubate talents for the company.
- Launch conglomerate diversification strategy.

Step into Paper Packaging Manufacturing Business
Taoyuan packaging plant commenced production.

1987

- Yangmei plant commenced production to elevate competitiveness in the household paper product market.

1988

- Issued the First Exchangeable Bond in Taiwan with the shares of YFY subsidiary Chung Hwa Pulp Co., Ltd. as underlying stock.
- Issued the First Convertible Preferred Stock in Taiwan
- Merged Yuen Foong Yuan Paper Manufacturing Co., Ltd.

1989

- Issued the First Foreign Convertible Corporate Bond

1990

- Xinwu plant commenced production as YFY's first fully-automated plant equipped with a computerized integrated manufacturing (CIM) system.

1992

- Stepped into Technology Business
- Invested in E-Ink as the pioneer company in Taiwan LCD panel industry.
- Design and manufactured CHP's No. 2 paper dryer machine and commenced production.

1993~2000

- Extended Footprint in China.
Built plants started from Guanzhou, Kunshan to Xiamen to developed southern China market, and built household paper plant in Kunshan. Invested Guangdong Dingfeng Pulp and Paper Co., Ltd. for China pulp market.

2000

- Step into Organic Food Industry
Set up Yuen Foong Yu Biotech Co., Ltd. to develop organic food in Taiwan and China. Through the various channel such as retail shops, door to door delivery, organic restaurant to promote organic diet to consumers.

2001



- Invested in TaiGen Biotechnology Co., Ltd.
Invested in incubation pharmaceutical R & D company, TaiGen Biotechnology, as the leading company in Taiwan Biopharmaceutical industry.

2003

- Expand Investment Portfolio into Biomedical Business
Established YFY Biotech Management Company and form a consulting incubate team for the investment evaluation and business operation of biopharmaceutical industry.
The subsidiary Laiya Co. signed a purchase agreement with P & G Taiwan to acquire Qinshui plant.

2004

- Set up YFY Paper(Vietnam) Co., Ltd.
 - Step into the Vietnamese market.
 - E-ink listed in Taiwan OTC board.
- Set up subsidiary YFY Paper Manufacturing(Yangzhou) Co., Ltd. Officially enter China's containerboard market.

2005

- The First E-reader Device Using E-paper Technology Launched in the Market and E-ink Supplied the Key Component -- E-paper.
- Containerboard and Packaging Business spun off and renamed YFY Packaging Inc.

2006

- Paper plant commenced production in Yangzhou plant.

2007

- Consumer Product Division spun off into Yuen Foong Yu Consumer Products Co., Ltd.
- Signed strategic alliance memorandum of cooperation with Japan's Nippon Paper Group, Inc.(NPG).

2008

- **Further Expand Technology Business**
YEON Technologies Co., Ltd. established Asia Pacific RFID Certification Center, which is the only RD center that qualified by EPC Global in Asia.
- **Acquired the First FSC Certification for Forest Management in Domestic Paper Manufacturing Industry.**

2009

- Acquired a Leading Technology of Electronic Paper Display (EPD) and E-paper R & D and Mass Production Company, E Ink Corporation (EIC) USA, to Further Expand the Development and Sales Footprint of E-paper.
- YFY Packaging Inc. established an Packaging Examination Center and it was certified by a international organization from Taiwan Accreditation Foundation(TAF) to be the only ISO/ IEC 17025 containerboard packaging lab in Taiwan.
- Acquired Jupiter Group, the USA packaging and brand design company, to be the global leading graphic design and packaging services company.

2010

- Acquired Arizon RFID Technology (Yangzhou) Co., Ltd.
- Established Yuen Foong Yu Blue Economy Natural Resources (Yangzhou) Co., Ltd. to utilize agricultural straw in the biopulping progress.

2012

- **YFY INC.**
- Yuen Foong Yu Paper Manufacturing Co., Ltd. renamed to YFY INC., the investment holding structure established. Transferred Paper and Paperboard Division to Chung Hwa Pulp Co., Ltd., which streamlined pulp and paper operation.

2013

- After 12 years cultivation and development, the new eco technology of nPulp commenced production in Yangzhou plant.

2014

- Arizon RFID Technology (Yangzhou) Co., Ltd. Commenced New Plant Equip with the most advanced manufacturing line and the finest manufacturing procedures, the new plant set a new standard to RFID industry.
- The technology of nPulp was awarded Edison Award from the USA.
- Established YFY Shop to develop a platform for e-commerce and monetary service.

2016



- **Shin Foong Specialty & Applied Materials** listed in OTC market.

2017

- New factory of Eco-friendly cleaning product, Orange House, commenced production in Taoyuan
- Shin Foong Specialty & Applied Materials listed on TWSE board.

2018



- Increased investment in Southern Vietnam and consolidated Vietnam packaging operation. Packaging factories located in Northern Vietnam commenced production.

2019



- Xinwu factory commenced the largest scale of biogas power generation system. YFY demonstrates the model of Circular Economy.

2020

- **YFY Packaging Inc. Xinwu Plant** was awarded for BS8001 certificate as the very first global circular economy of paper industry.

Yuen Foong Yu Consumer Products Co., Ltd. completed the listing as an emerging stock company and became the biggest consumer goods corporation in Taiwan. (Stock code 6790)

Chung Hwa Pulp Corp. completed acquisition of Guanyin plant to build a base of plastic-free material

Arizon RFID Technology Co., Ltd. has a new plant in Tucheng to be a backup production site to stand foots in the global RFID industry

2021



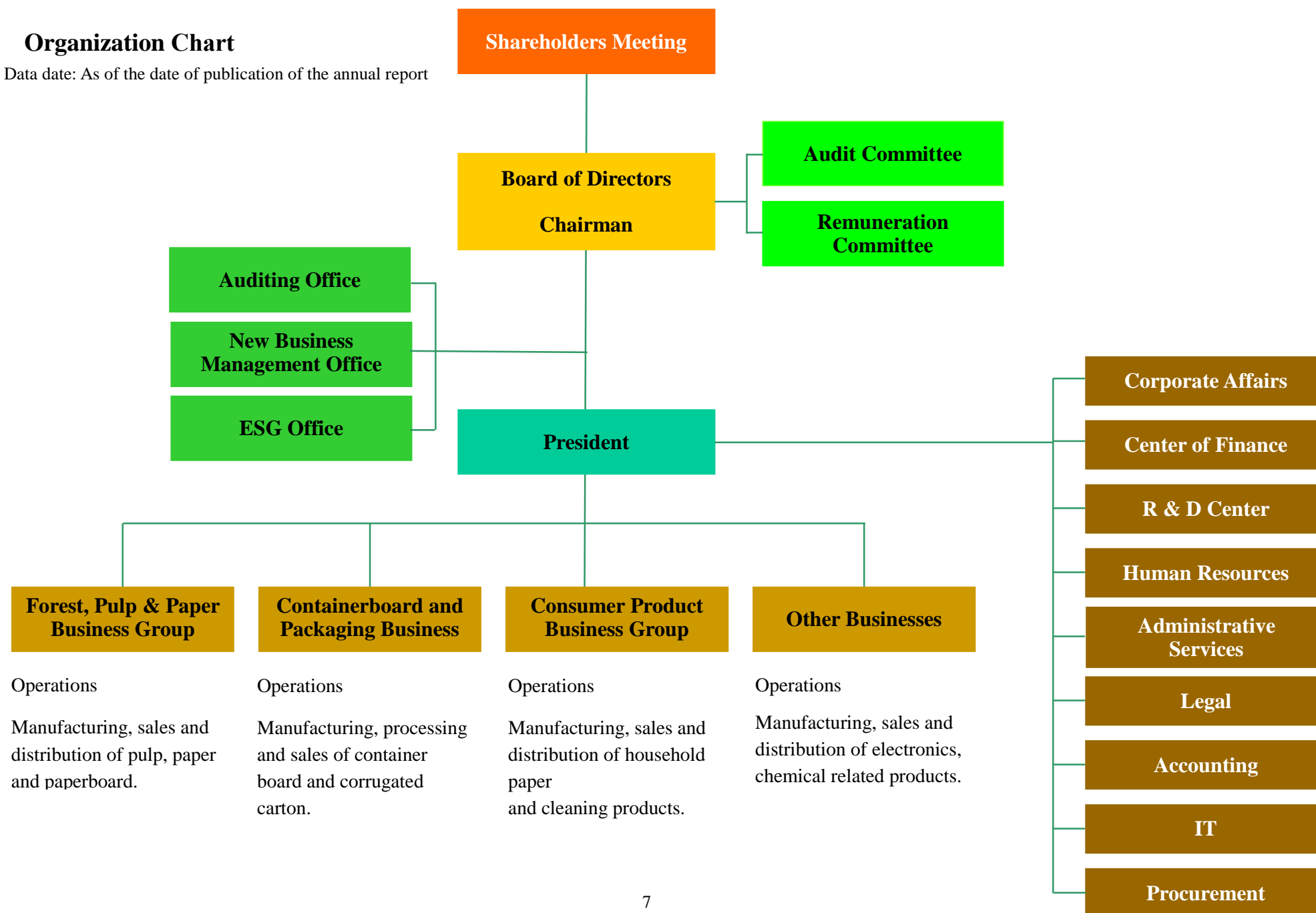
- YFY established YFY Academy
- YFY Packaging' s Xinwu plant has already begun operating Taiwan' s first industrial zero coal-burning SRF (Solid Recovered Fuel) cogeneration boiler °
- YFY Consumer Products Co., Ltd. listed on TWSE board.in September, 2021. (Stoke Code: 6790)

Chapter 3. Corporate Governance Report

- I. Organizational Chart
- II. Profiles of Directors, President, VP, VPs, and Managers
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I Organization Chart

Data date: As of the date of publication of the annual report



II. Profiles of Directors, Independent Directors, President, VP, VPs, and Managers

(I) Profiles of Directors and Independent Directors

December 31, 2021

Title	Nationality or place of registration	Name	Gender & Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			50-60	61-70	>71				Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Chairman	ROC	Yuen Foong Paper Co., Ltd. Representative: Jean Liu	Female			2021/05/17	3	2021/05/17	18,268,073	1.10	18,268,073	1.10	0	0	0	0	Ph.D. in Chemistry, University of Northwestern	Director, Shin Foong Specialty and Applied Materials Co., Ltd. Chairman, Fidelis IT Solutions Co., Ltd. Director, YFY Mauritius Corp.	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Director	ROC	Yuen Foong Paper Co., Ltd. Representative: Willie Tsai	Male			2021/05/17	3	2019/02/19	18,268,073	1.10	18,268,073	1.10	0	0	0	0	Master of Finance, University of Iowa	Note 1	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Director	ROC	Yuen Foong Paper Co., Ltd. Representative: Kirk Hwang	Male			2021/05/17	3	2016/03/16	18,268,073	1.10	18,268,073	1.10	0	0	0	0	Ph.D. in Materials Chemistry, University of Wisconsin	Note 2	N/A	N/A	N/A	
					✓				*51,909	0.00	*51,909	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	Male			2021/05/17	3	2018/06/21	77,794,610	4.69	77,794,610	4.69	0	0	0	0	EMBA, Accounting and Management Strategy, National Taiwan University	Note 3	N/A	N/A	N/A	
					✓				0	0.00	0	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang	Male			2021/05/17	3	2021/05/17	77,794,610	4.69	77,794,610	4.69	0	0	0	0	Master of Science and Technology Management, National Chengchi University	Note 4	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										

Title	Nationality or place of registration	Name	Gender & Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Shares held when elected		Shares held when elected		Education and work experience Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			50-60	61-70	>71				Number of shares	Number of shares	Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage			Title	Name	Relation	
Independ ent Director	ROC	Hsi-Peng Lu	Male			2021/05/17	3	2015/06/30	0	0.00	0	0.00	0	0	0	0	Ph.D. in Industrial Engineering, University of Wisconsin - Madison	Distinguished Professor, Department of Information Management, National Taiwan University of Science and Technology Independent Director, SHUI-MU International Co., Ltd. Independent Director, Taiwan Mobile Co., Ltd. Independent Director, 91APP Inc.	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Independ ent Director	ROC	Di-Shi Huang	Male			2021/05/17	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	Master of Criminal Justice Management, Oklahoma City University	N/A	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Independ ent Director	ROC	Yie-Yun Chang	Female			2021/05/17	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	LL.D in University of Munich	Note 5	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Independ ent Director	ROC	Jin-Li Hu	Male			2021/05/17	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	PhD in Economics, State University of New York, Stony Brook	Note 6.	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										

*Personal holdings

Note 1.

President, YFY Inc.; Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Packaging Inc.; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.

Note 2.

Chief Technology Officer, YFY Inc.; Chairman, Chung Hwa Pulp Corp.; Director, Guangdong Dingfung Pulp & Paper Co., Ltd.; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, CHP International (BVI) Corporation; Director, N.T.U. Innovation Incubation Co., Ltd.; Director, Global Views Educational Foundation; Director, Taiwan Corporate Governance Association; Chairman, Taiwan Paper Industry Association; Director, Taiwan Carbon Capture Storage and Utilization Association

Note. 3.

Independent Director, Taiwan Cement; Independent Director, Taiwan Navigation Co. Ltd.; Independent Director, DACIN Construction Co., Ltd.; Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd.; Director, Yageo Corporation; Supervisor, Win-link Venture Capital Corp; Director, T N Soong Foundation

Note 4.

Director & President, Huacheng Capital Co., Ltd.; President, Huicheng Capital Co., Ltd.; Director, Vicoretek Nangjin Limited Company; Director, YFY Paradigm Investment Co., Ltd.

Note 5.

Executive Vice President, Fu Jen Catholic University; Director, Dadong Resin Chemical Co., Ltd.; Independent Director, Ocean Plastic Co., Ltd.; Independent Director, Advanced Lithium Electrochemistry (KY) Co., Ltd.; Legal Consultant, Intellectual Property Office of the Ministry of Economic Affairs; Committee Member, Appeal Review Committee of the Ministry of Transportation and Communications; Committee Member, Public Expenses Study Abroad Review Committee of the Ministry of Education

Note 6.

Professor, Institute of Business and Management, NYCU; Independent Director, Fubon Insurance Co., Ltd.; Chairman, Taiwan Association of Environmental and Resource Economics; Vice President, Association for China Economic Studies

I. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

We decided on a Board of Directors comprising 9 to 13 members in consideration of the company's scale of business development and major shareholders as well as the need for balanced and practical operations. The Board's main responsibilities are to:

- ◎Guide company strategy
- ◎Supervise senior management
- ◎Be responsible for the company and its shareholders

We currently have 9 directors, including 4 independent directors.

Title	Name	Basic Background Information			Professional Background			Professional Competence							Number of concurrent posts at other listed companies as independent director
		Gender	Also serves as manager	Age	Industry	Business Management	Accounting	Leadership	Operational Judgments	Business Management	Crisis Management	Industry Knowledge	International Market Insights	Risk Management	
Chairman	Jean Liu	F	N	50~60	V	V		V	V	V	V	V	V	V	
Director	Willie Tsai	M	Y	50~60	V	V		V	V	V	V	V	V	V	
Director	Kirk Hwang	M	Y	>70	V	V		V	V	V	V	V	V	V	
Director	Chin-San Wang	M	N	>70			V	V	V			V		V	4
Director	Chun-Chieh Huang	M	N	50~60	V	V		V	V	V		V	V	V	
Independent Director	Hsi-Peng Lu	M	N	50~60		V		V		V	V	V	V	V	3
Independent Director	Di-Shi Huang	M	N	60~70		V		V		V	V	V		V	
Independent Director	Yie-Yun Chang	F	N	50~60		V		V		V	V	V		V	2
Independent Director	Jin-Li Hu	M	N	50~60		V		V		V	V	V	V	V	1

II . Diversity and independence of the board of directors:

On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code.

This includes adopting a candidate nomination system and complying with the company's Director Election Rules and Code of Corporate Governance to ensure the diversity and independence of board members. None of the directors is a spouse or a relative within two degrees of relationship as required by Item 3 and Item of Article 26-3 of the Securities and Exchange Act. None of the independent directors, their spouses or relatives within the second degree of relationship are directors, supervisors or employees of the Company, its affiliates or companies with specific relationships with the Company and do not hold shares in the Company; nor have they provided commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.

The professional backgrounds of the Board includes industry, management and accounting. The members of our 28th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Jean Liu, Willie Tsai, Kirk Hwang, and Chun-Chieh Huang, as well as accountant Chin-San Wang. Our independent directors include Hsi-Peng Lu, Yie-Yun Chang, Jin-Li Hu are all university professors; and Di-Shi Huang has expertise in criminal investigation. Our Board includes 1 inside director who is also employee of the company. There are 4 independent directors, 1 independent director has served for 6 years and the other three are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 2 directors between the ages of 60 and 70, 5 directors between the ages of 50 and 60. The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes two female members (one of whom is an independent director).

1. Major Direct and Indirect Institutional Shareholders

(1). Major Direct Institutional Shareholders

December 31, 2021

Name of Institutional Shareholder	Major Direct Institutional Shareholders
Shin-Yi Enterprise Co., Ltd.	S. C. Ho (27.84%), Jucheng Investment & Management Co., Ltd. (12.50%), BRILLIANT PRIDE LIMITED (12.50%), Gao Da Global Ltd. (12.50%), Mei-Yu Ho (12.50%), Guan Yu Investment Co., Ltd. (5.91%), Hui-Shin Ho Tsai (2.48%), Richard Ho (2.18%), Jin Jie Investment Ltd.(1.52%), Hoss Educational Foundation (1.48%), Hoss Cultural Foundation (1.48%)
Yuen Foong Paper Co., Ltd.	Shin-Yi Enterprise Co., Ltd. (27.39%), S. C. Ho (16.65%), Hsinex International Corp. (9.92%), Yu Hai Investment Corp. (9.69%), Hoss Venture Inc. (5.81%), Mei-Yu Ho (3.59%), Jucheng Investment & Management Co., Ltd. (3.59%), BRILLIANT PRIDE LIMITED (3.59%), Gao Da Global Ltd. (3.59%), Hui-Shin Ho Tsai (3.18%)

(2). Major Indirect Institutional Shareholders

December 31, 2021

Name of Institutional Shareholders	Major Indirect Institutional Shareholders
Jucheng Investment & Management Co., Ltd.	RAINBOW TIME LIMITED (Samoa) (100.0%)
BRILLIANT PRIDE LIMITED	LEE SWEE HIONG 100.0%
Gao Da Global Ltd.	Jin-Xing Lin (100.0%)
Guan Yu Investment Co., Ltd.	Hui-Shin Ho Tsai (57.49%), Jie-Ru Ho (7.5%), Wen-Hua Ho (7.5%), Yi-Jin Huang (6.25%), Yi-Xuan Huang (6.25%), Jie-Xi Liu (3.75%), Jie-Ya Liu (3.75%), Jie-Xiu Ka (3.75%), Jie-Ke Ka (3.75%), Richard Ho (0.01%)
Jin Jie Investment Ltd.	Guan Yu Investment Co., Ltd. 100.0%
Hoss Educational Foundation	Founded in 2001 with Hui-Mei Chen as the main donor at the time of founding (100%)
Hoss Cultural Foundation	Founded in 2004 with Chen-Kuan Sun (95%) and Hui-Mei Chen (5%) as the main donor at the time of founding
Yu Hai Investment Corp.	Yu Hai Enterprise Co., Ltd. (34.78%), Shan Tao Investment Ltd. (25.04%), Jie Lai Investment Ltd. (19.98%), Ka Feng Investment Ltd. (19.98%), Hui-Shin Ho Tsai (0.18%), Miao-Zhen Lin (0.04%)
Hsinex International Corp.	S. C. Ho (53.13%), Yi-Jia Ho (24.48%), Felix Ho (22.28%), Cheng Yu Co., Ltd. (0.11%)
Hoss Venture Inc.	Hoss Cultural Foundation (49.07%), Hoss Educational Foundation (40.03%), Yu-Hui Ho (6.81%), Ho Shi Investment Corp. (3.04%), Ho Shi International Corp. (0.37%), Hui-Mei Chen (0.26%), Shiou-Chuan Ho (0.19%), De Yong Chen (0.15%), Yo Tian Chuang (0.04%), Hui-Zhu Chen (0.04%)

(II). Profiles of President, VP, AVPs, and Management

December 31, 2021

Title	Nationality or place of registration	Name	Gender	Date elected	Shares held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Positions concurrently held at other companies	Manager who is a spouse or relative within second degree of kinship			Notes
					Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage			Title	Name	Relation	
President	ROC	Willie Tsai	Male	2019/02/19	0	0	0	0	0	0	Master of Finance, University of Iowa	Note 1	N/A	N/A	N/A	
CSO	ROC	Hsianmin Chen	Male	2016/09/01	0	0	0	0	0	0	J.D., Syracuse University	Director, YFY Paper MFG (Jiangyin) Co., Ltd.	N/A	N/A	N/A	
CTO	ROC	Kirk Hwang	Male	2016/01/01	51,909	0.00	0	0	0	0	Ph.D. in Materials Chemistry, University of Wisconsin	Note 2	N/A	N/A	N/A	
COO	ROC	Cheng-Hsien Chu	Male	2021/11/15	0	0	0	0	0	0	Ph.D., Institute of Mechanical Engineering, National Cheng Kung University	Director, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	
VP, Finance Center	ROC	K. T. Yin	Male	2007/05/01	0	0	0	0	0	0	MBA, National Cheng Kung University	Note 3	N/A	N/A	N/A	
VP, Human Resources Department	ROC	Jeff Huang	Male	2021/08/02	40,000	0.00	41,000	0.00	0	0	Master of Labor Research Institute, National Chengchi University	N/A	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender	Date elected	Shares held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Concurrent position(s) at YFY	Manager who is a spouse or relative within second degree of kinship			Notes
					Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage			Title	Name	Relation	
AVP, Accounting Department	ROC	C. F. Wu	Male	2011/07/01	0	0	0	0	0	0	B. Acc., Feng Chia University	Note 4	N/A	N/A	N/A	
AVP, Information Technology Department	ROC	Ray Chien	Male	2013/06/03	0	0	0	0	0	0	M.S. in Industrial Management, National Taiwan University of Science and Technology	Director and President, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	
AVP, Legal Department and Corporate Governance	ROC	Vincent Chan	Male	2015/07/01	5,470	0.00	2,109	0.00	0	0	LL.B., National Chung Hsing University	Note 5	N/A	N/A	N/A	
AVP, Procurement Department	ROC	Claudia Kung	Female	2019/06/17	0	0	0	0	0	0	Management Science, National Chiao Tung University	Director, YFY Corporate Advisory & Services Co., Ltd.	N/A	N/A	N/A	
AVP, President's Office	ROC	Miles Chang	Male	2019/09/16	0	0	36,826	0.00	0	0	Master for Eminent Public Administrators, Social Economics Section, National Chengchi University	N/A	N/A	N/A	N/A	
AVP, New Business Management Office	ROC	Jack Su	Male	2021/10/01	0	0	2,781	0.00	0	0	B. EE, Tamkang University	N/A	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender	Date elected	Shares held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Concurrent position(s) at YFY	Manager who is a spouse or relative within second degree of kinship			Notes
					Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage	Number of shares	Shareholdin g percentage			Title	Name	Relation	
Manager, Auditing Department	ROC	Irene Cheng	Female	2012/11/01	0	0	0	0	0	0	M.Sc. in Accounting and Information Technology National Chung Cheng University	N/A	N/A	N/A	N/A	

Note 1.

Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Packaging Inc.; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.

Note 2.

Chairman, Chung Hwa Pulp Corp.; Director, Guangdong Dingfung Pulp & Paper Co., Ltd.; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, CHP International (BVI) Corporation; Director, N.T.U. Innovation Incubation Co., Ltd.; Director, Global Views Educational Foundation; Director, Taiwan Corporate Governance Association; Chairman, Taiwan Paper Industry Association; Director, Taiwan Carbon Capture Storage and Utilization Association

Note 3

Director, San Ying Enterprise Co., Ltd.; Supervisor, YFY Packaging (Yangzhou) Investment Co., Ltd.; Supervisor, Yuen Foong Yu Paper MFG. (Yangzhou) Co., Ltd.; Director, YFY Investment Co., Ltd.; Supervisor, YFY Paper Mfg. (Jiangyin) Co., Ltd.; Supervisor, Arizon RFID Technology Co., Ltd.; Director, YFY (Shanghai) Commercial Factoring Co., Ltd.

Note 4

Supervisor, YFY Packaging Inc.; Supervisor, Union Paper Corp.; Supervisor, China Color Printing Co., Ltd.; Supervisor, Supervisor, YFY Development Co, Ltd.; Supervisor, YFY Paradigm Investment Co., Ltd.; Supervisor, San Ying Enterprise Co., Ltd.; Supervisor, Fidelis IT Solutions Co., Ltd.; Supervisor, EFFION Enertech Co., Ltd.; Supervisor, YFY Corporate Advisory & Services Co., Ltd.; Supervisor, China Investment and Development Co., Ltd.; Supervisor, Sustainable Carbohydrate Innovation Co., Ltd. Ltd.

Note 5

Director, China Color Printing Co., Ltd.; Director, YFY Corporate Advisory & Services Co., Ltd.; Supervisor, Yuen Foong Yu Paper Enterpriser (Guangzhou) Co., Ltd.; Supervisor, Zhaoqing Dingfung Forestry Co., Ltd.; Director, YFY Paper Mfg. (Jiangyin) Co., Ltd.; Director, Hwa Fong Paper (Hong Kong) Co., Ltd.; Supervisor, Shenzhen Jinglun Paper Co., Ltd.; Supervisor, Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.; Supervisor, YFY (Shanghai) Commercial Factoring Co., Ltd.; Supervisor, Shin-Yi Enterprise Co., Ltd.; Supervisor, Fu Hwa Enterprise Co., Ltd.

III. Remuneration to Directors, Independent Directors, President, and VP in the Past Year

(1) Director remuneration

December 31, 2021 Unit: NT\$ thousand

Title	Name	Director remuneration								Ratio of total compensation (A+B+C+D) to after-tax income (%)		Concurrent employee remuneration								Ratio of total compensation (A+B+C+D+E+F+G) to after-tax income (%)		enterprises that are not subsidiaries	Compensation from invested enterprises that are not subsidiaries
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C)		Performance compensation (D)				Salaries, incentives and allowances (E) (Note)		Severance pay and pension (F)		Employee's remuneration (G)							
		YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements				
Chairman	Shin-Yi Enterprise Co., Ltd. Representative : Felix Ho	0	0	0	0	14,750	14,750	454	1,620	15,204 0.292%	16,370 0.315%	45,147	63,395	6,052	6,052	0	0	0	0	66,404 1.280%	85,817 1.650%	N/A	
Director	Shin-Yi Enterprise Co., Ltd. Representative : S. C. Ho																						
Director	Shin-Yi Enterprise Co., Ltd. Representative : Richard Ho																						
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chin-San Wang																						
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chun-Chieh Huang																						
Chairman	Yuen Foong Paper Co., Ltd. Representative : Jean Liu																						
Director	Yuen Foong Paper Co., Ltd. Representative : Kirk Hwang																						
Director	Yuen Foong Paper Co., Ltd. Representative : Chin-San Wang																						
Director	Yuen Foong Paper Co., Ltd. Representative : Willie Tsai																						
Shin-Yi Enterprise Co., Ltd.																							
Yuen Foong Paper Co., Ltd.																							
Independent Director	Wen-Cheng Huang	0	0	0	0	7,250	7,250	276	276	7,526 0.145%	7,526 0.145%	0	0	0	0	0	0	0	0	7,526 0.145%	7,526 0.145%	N/A	
Independent Director	Thomas Chen																						
Independent Director	Hsi-Peng Lu																						
Independent Director	Yie-Yun Chang																						
Independent Director	Jin-li Hu																						
Independent Director	Di-Shi Huang																						

1. The remuneration for the Company's Independent Directors is determined based on the education, experience, and social status of the Independent Director, salary market surveys, and prevailing standards in the industry. As a principle, the Company provides remuneration that meets general standards in the industry and decides the remuneration based on the Company's business results and the contributions of Independent Directors in their duties. The remuneration is reviewed by the Remuneration Committee and reported to the Board of Directors for approval. The Company shall continue to review the remuneration policy for Independent Directors based on the business status and regulations to ensure the reasonableness of remuneration and the Company's sustainability.

2. Except as disclosed above, remuneration received by directors in the last year for on-balance sheet services (e.g., acting as non-employee consultant) rendered to the Company: N/A.

Note 1: Including car rental expenses of NT\$1,744.7 thousand

Range of remuneration to all directors	Name		Range of remuneration to all directors	Name	
	Total amount for the 4 preceding remunerations (A+B+C+D)			Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	YFY	All companies in the financial statements		YFY	All companies in the financial statements
Less than NT\$1,000,000	Felix Ho S. C. Ho Richard Ho Chun-Chieh Huang Jean Liu Kirk Hwang Chin-San Wang Willie Tsai Wen-Cheng Huang Thomas Chen	Felix Ho S. C. Ho Richard Ho Chun-Chieh Huang Jean Liu Kirk Hwang Chin-San Wang Willie Tsai Wen-Cheng Huang Thomas Chen	Less than NT\$1,000,000	S. C. Ho Chun-Chieh Huang Chin-San Wang Wen-Cheng Huang Thomas Chen	S. C. Ho Chun-Chieh Huang Chin-San Wang Wen-Cheng Huang Thomas Chen
NT\$1,000,000 (incl.) ~ NT\$2,000,000	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang	NT\$1,000,000 (incl.) ~ NT\$2,000,000	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Hsi-Peng Lu	Hsi-Peng Lu	NT\$2,000,000 (incl.) ~ NT\$3,500,000	Hsi-Peng Lu	Hsi-Peng Lu
NT\$3,500,000 (incl.) ~ NT\$5,000,000			NT\$3,500,000 (incl.) ~ NT\$5,000,000	Kirk Hwang	
NT\$5,000,000 (incl.) ~ NT\$10,000,000	Shin-Yi Enterprise Co., Ltd. Yuen Foong Paper Co., Ltd.	Shin-Yi Enterprise Co., Ltd. Yuen Foong Paper Co., Ltd.	NT\$5,000,000 (incl.) ~ NT\$10,000,000	Shin-Yi Enterprise Co., Ltd. Yuen Foong Paper Co., Ltd.	Felix Ho Richard Ho Shin-Yi Enterprise Co., Ltd. Yuen Foong Paper Co., Ltd.
NT\$10,000,000 (incl.) ~ NT\$15,000,000			NT\$10,000,000 (incl.) ~ NT\$15,000,000	Jean Liu	Jean Liu
NT\$15,000,000 (incl.) ~ NT\$30,000,000			NT\$15,000,000 (incl.) ~ NT\$30,000,000	Willie Tsai	Kirk Hwang Willie Tsai
NT\$30,000,000 (incl.) ~ NT\$50,000,000			NT\$30,000,000 (incl.) ~ NT\$50,000,000		
NT\$50,000,000 (incl.) ~ NT\$100,000,000			NT\$50,000,000 (incl.) ~ NT\$100,000,000		
More than NT\$100,000,000			More than NT\$100,000,000		
Total	16	16	Total	16	16

(2). Remuneration to supervisors

Starting from 2015, supervisors were replaced by the newly established Audit Committee

(3). Remuneration to the President and VP

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C) (Note)		Employee's remuneration (D)				Ratio of total compensation (A+B+C+D) to after-tax income (%)		Compensation from invested enterprises that are not subsidiaries
		YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY		All companies in the financial statements		YFY	All companies in the financial statements	
								Amount in cash	Amount in stocks	Amount in cash	Amount in stocks			
President	Willie Tsai	20,353	20,353	383	383	21,493	24,493	75	0	75	0	42,304 0.81%	45,304 0.87%	N/A
CSO	Hsianmin Chen													
COO	Cheng-Hsien Chu													
VP	K. T. Yin													
VP	Jeff Huang													

Note1: Including car rental expenses of NT\$894.6 thousand.

Note2: The Board of Directors approved the proposed distribution of employee compensation of NT\$5,550 thousand (all in cash) for 2021, but the list of employee compensation distribution has not been decided as of the printing date.

Range of remuneration to president and VP	Name of president and VP	
	YFY	All companies in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (incl.) ~ NT\$2,000,000	Cheng-Hsien Chu	Cheng-Hsien Chu
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Jeff Huang	Jeff Huang
NT\$3,500,000 (incl.) ~ NT\$5,000,000		
NT\$5,000,000 (incl.) ~ NT\$10,000,000	K. T. Yin	K. T. Yin
NT\$10,000,000 (incl.) ~ NT\$15,000,000	Hsianmin Chen	Hsianmin Chen
NT\$15,000,000 (incl.) ~ NT\$30,000,000	Willie Tsai	Willie Tsai
NT\$30,000,000 (incl.) ~ NT\$50,000,000		
NT\$50,000,000 (incl.) ~ NT\$100,000,000		
More than NT\$100,000,000		
Total	5	5

(4). Name of management who distribute employee salaries and distribution status:

Titles		Name	Shares Amount	Cash Amount	Total (Note)	Amounts in proportion of net profits (%)
Managements	President	Willie Tsai	0	200	200	0.004%
	CSO	Hsianmin Chen				
	CTO	Kirk Hwang				
	COO	Cheng-Hsien Chu				
	VP, Finance Center	K. T. Yin				
	VP, Human Resources Department	Jeff Huang				
	AVP, Accounting Department	C. F. Wu				
	AVP, Legal Department and Corporate Governance Officer	Vincent Chan				
	AVP, Procurement Department	Claudia Kung				
	AVP, President's Office	Miles Chang				
	AVP, New Business Management Office	Jack Su				
	Manager, Auditing Department	Irene Cheng				

Note: The Board of Directors approved the proposed distribution of employee compensation of NT\$5,550 thousand (all in cash) for the year 2021, and since the list of employee compensation distribution has not yet been decided, this table is an estimate of the proposed amount.

(5). Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years, and description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks

1. Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years

Recipient	Ratio of total remuneration to after-tax profit					
	2021		2020		Differences	
	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements
Director	1.28%	1.65%	0.997%	1.417%	0.283%	0.232%
Independent Director	0.145%	0.145%	0.119%	0.119%	0.026%	0.026%
President and VPs	0.81%	0.87%	0.72%	0.77%	0.09%	0.1%

2. Description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks :

- (1)The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any. The remuneration of directors shall be paid in cash, and the remuneration of employees shall be paid in the form of cash or stock. The recipients of the distribution may include employees of subordinate companies who meet certain conditions, which shall be authorized by the board of directors. The distribution ratio of directors' remuneration, and the payment method and ratio of employee's remuneration shall be determined by the board of directors with the attendance of more than two-thirds of the directors and a resolution approved by more than half of the directors present,

and reported to the shareholders' meeting. When calculating the remuneration of employees and directors, the accumulated losses shall be deducted from the profit of the current year (i.e., the profit before tax deducting the profit before distribution of employees and directors' remuneration), and then the remuneration of employees and directors shall be calculated based on the balance. The standards and procedures for the provision of director's remuneration have been specified and the director's remuneration has been linked to the company's performance. The remuneration rate and amount of directors for the current year have been reviewed and approved by the Remuneration Committee and the Board of Directors, and reported to the shareholders' meeting. The company will review the remuneration distribution policy in a timely manner based on the overall operating environment and corporate operating performance and development strategies to take into account operational risks, corporate governance and safeguarding the interests of shareholders

- (2) The remuneration of the president and vice presidents is paid on a monthly basis, including a monthly salary, allowances (e.g., additional duty payments and meal expenses), and other regular compensation. The annual bonuses and benefits are paid separately. The salary standards are determined at the beginning of employment, while additional duty payments are determined by the position; performance bonus and other bonuses are based on business performance and personal performance.

IV. Corporate Governance Practice

(I) Board of Directors operating status

A total of 4 meetings of the 27th Board of Directors & 5 meetings of the 28th Board of Directors (be elected on May 17, 2021) were held in 2021. Directors' attendances was described as below:

Title	Name	Attendance in person	Attendance by proxy Time(s)	Attendance in person rate (%)	Notes
Chairman	Shin-Yi Enterprise Co., Ltd. Representative: Felix Ho	4	0	100%	27 th term
Director	Shin-Yi Enterprise Co., Ltd. Representative: S. C. Ho	4	0	100%	27 th term
Director	Shin-Yi Enterprise Co., Ltd. Representative: Richard Ho	2	0	50%	27 th term
Director	Yuen Foong Paper Co., Ltd. Representative: Kirk Hwang	4	0	100%	27 th term
Director	Yuen Foong Paper Co., Ltd. Representative: Chin-San Wang	3	1	75%	27 th term
Director	Yuen Foong Paper Co., Ltd. Representative: Willie Tsai	4	0	100%	27 th term
Independent Director	Wen-Cheng Huang	4	0	100%	27 th term
Independent Director	Thomas Chen	4	0	100%	27 th term
Independent Director	Hsi-Peng Lu	4	0	100%	27 th term
Chairman	Yuen Foong Paper Co., Ltd. Representative: Jean Liu	5	0	100%	28 th term (was elected on May 17, 2021)
Director	Yuen Foong Paper Co., Ltd. Representative: Kirk Hwang	5	0	100%	28 th term (was elected on May 17, 2021)
Director	Yuen Foong Paper Co., Ltd. Representative: Willie Tsai	5	0	100%	28 th term (was elected on May 17, 2021)
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	4	1	80%	28 th term (was elected on May 17, 2021)
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang	5	0	100%	28 th term (was elected on May 17, 2021)
Independent Director	Hsi-Peng Lu	5	0	100%	28 th term (was elected on May 17, 2021)
Independent Director	Di-Shi Huang	5	0	100%	28 th term (was elected on May 17, 2021)
Independent Director	Yie-Yun Chang	5	0	100%	28 th term (was elected on May 17, 2021)
Independent Director	Jin-li Hu	5	0	100%	28 th term (was elected on May 17, 2021)

Other statutory information:

I. If any of the following circumstances have occurred amid operations of the Board of Directors, the date, period, agenda content, the opinions of all independent directors, and the handling of the opinions of the independent directors by the Company shall be specified:

(I) Matters prescribed under Article 14-3 of the Securities and Exchange Act:

The Company has set up an Audit Committee. Matters prescribed under Article 14-5 of the Securities and Exchange Act include matters prescribed under Article 14-3 of the Securities and Exchange Act. Please refer to the "Operating status of the Audit Committee" for details.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors with regard to which an independent director had a dissenting or qualified opinion that is on record or stated in a written statement.

Operations of the Board of Directors which did not receive dissenting or qualified opinions from independent directors that are on record or stated in a written statement.

II. Any directors who had to recuse from a proposal to prevent conflicts of interest:

(I) In the Board meeting held on February 26, 2021, the Board discussed the remuneration for directors and the distribution method. A conflict of interest existed for directors Felix Ho, S. C. Ho, Richard Ho, Kirk Hwang, Chin-San Wang, and Willie Tsai on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(II) In the Board meeting held on February 26, 2021, the Board discussed the remuneration for independent directors and the distribution method. A conflict of interest existed for independent directors Wen-Cheng Huang, Thomas Chen, and Hsi-Peng Lu on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(III) In the Board meeting held on April 1, 2021, the Board discussed on whether the 4 "independent director candidates" were included in the list for review. A conflict of interest existed for independent director Hsi-Peng Lu on this matter; therefore, he recused himself from discussing and voting on this proposal.

(IV) In the Board meeting held on April 1, 2021, the Board discussed on whether the 5 "director candidates" were included in the list for review. A conflict of interest existed for directors Felix Ho, S. C. Ho, Kirk Hwang, Chin-San Wang, and Willie Tsai on this matter; therefore, therefore, they recused themselves from discussing and voting on this proposal.

- (V) In the Board meeting held on May 17, 2021, the Board discussed on appointing members of the 3rd "Audit Committee" of the Company. A conflict of interest existed for independent directors, Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu on this matter; therefore, they recused themselves from discussing and voting on this proposal.
- (VI) In the Board meeting held on May 17, 2021, the Board discussed on appointing members of the 5th "Compensation Committee" of the Company. A conflict of interest existed for independent directors, Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu on this matter; therefore, they recused themselves from discussing and voting on this proposal.
- (VII) In the Board meeting held on May 17, 2021, the Board discussed on appointment of the Company's Manager. A conflict of interest existed for director Willie Tsai on this matter; therefore, he recused himself from discussing and voting on this proposal.
- (VIII) In the Board meeting held on August 12, 2021, the Board discussed on re-appointment of the manager of the Company Taipei branch. A conflict of interest existed for director Jean Liu on this matter; therefore, she recused herself from discussing and voting on this proposal.

III. Board of Directors evaluation status: The Company has discussed and amended the Company's "Board of Directors Performance Evaluation Guidelines" in the meeting of the Board of Directors on November 12, 2020.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents	Evaluation results
The Company completed the performance evaluation of the board and functional committees in 2021 through internal self-evaluation	From January 1, 2021 to December 31, 2021	The scope of the performance evaluation included the board, individual directors, the Audit Committee, and Remuneration Committee	The performance evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the directors, and self-evaluation of the Audit Committee and Remuneration Committee	<p>The criteria for evaluating the performance of the Company's Board of Directors shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Improvement of the quality of the Board of Directors' decision making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the directors; 5. Internal control.</p> <p>The criteria for evaluating the performance of the Company's directors shall cover the following six aspects: 1. Familiarity with the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Understanding and recommendations for the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; 6. Internal control.</p> <p>The criteria for evaluating the performance of the Company's Audit Committee and Remuneration Committee shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of the quality of the functional committee's decision making; 4. Functional committee composition and election of members; 5. Internal control.</p>	The meeting organization of the Board of Directors delivered the self-evaluation questionnaire for the performance evaluation to each Director and member of the Audit Committee and Remuneration Committee before December 31, 2021 and recovered the questionnaires before January 15, 2022. According to the evaluation results, the results of the self-evaluation of the board, board members, Audit Committee, and Remuneration Committee were "excellent".

The aforementioned performance evaluation results were reported in the meetings of the Audit Committee and Remuneration Committee convened on March 11, 2022 and reported to the meeting of the Board of Directors convened on March 15, 2022 as reference for review and improvement.

IV. Evaluation of targets and performance of the Board's functions for current year and past year:

- (I) The Company's Audit Committee was formed by four independent directors in substitution of supervisors. Matters prescribed under Article 14-5 of the Securities and Exchange Act have submitted to the Audit Committee for discussion and resolution. The convener of the Audit Committee was responsible for reporting the resolutions passed by the Audit Committee to the Board of Directors.
- (II) The Company disclosed information regarding to the attendance to board/shareholders' meetings, director continuing education, and important resolutions passed during board meetings and shareholders' meetings.
- (III) In order to increase information transparency, the Company has disclosed important resolutions passed during Board/shareholders' meetings via the Company website right after the meetings.
- (IV) In consideration of legal risks faced by directors and supervisors, the Company and its subsidiaries have purchased director and supervisor liability insurance for all directors and supervisors.
- (V) In order to encourage directors continuously acquiring new knowledge in the fields of corporate governance, the company has provided subsidies for all the courses' expenses. The Secretary General of the Company's Board of Directors has regularly providing corporate governance related courses for directors who are interested in participating, and registering.

(II). Operating status of the Audit Committee

The Company's Audit Committee was composed by four independent directors. The Committee's purpose was to verify the fair presentation of the Company's financial statements; hiring or dismissal of CPAs, their independence and performance; effectiveness regarding implementation of the Company's internal control system; compliance with relevant regulations and rules; and the Company's control of existing or latent risks.

In the year of 2021, the 2nd Audit Committee meetings has held 3 times and the 3rd Audit Committee (elected on May 17th 2021) has held 3 times. The key focuses of the year were as below:

1. Review of financial reports

The Board of Directors has issued a report on the Company's operations for the year 2020, the financial statements, and earnings distribution proposal. The financial statements have been audited and reported by Deloitte & Touche. The above-mentioned business report, financial statements and proposal for distribution of earnings were examined by the Audit Committee of the Company Board of Directors and were found to be in order.

2. Assess internal control system effectiveness

The Company's Audit Committee assessed the effectiveness of policies and procedures of the Company's internal control system (including finance, operations, risk management, information security, legal compliance, and other control measures) and audited the Company's Auditing Department and CPA, as well as regular reports by managers, including risk management and compliance.

3. Evaluate the independence and competence of CPAs

The Company's Audit Committee evaluated and found that the CPAs Hui-Ming Huang, and Ya-Ling Wong of Deloitte and Touche Taiwan have not served as the Company's CPA for more than seven years; did not have direct or indirect interest in the Company that would compromise their independence; established a suitable method to communicate with the Company and its Audit Committee; and fulfill the independence and competence requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

4. Revised some provisions of the company's "Operation Procedures for Funds Lending to Others" and "Operation Procedures for Endorsement and Guarantee"

The company intends to revise some of the provisions of the company's "Operation Procedures for Fund Loans to Others" and "Operation Procedures for Endorsements" in accordance with the content of the "Q&A Collection of Fund Loans and Endorsement Guarantee Handling Standards for Public Offering Companies" published by the Securities and Futures Bureau of the Financial Supervisory Commission, which was reviewed and approved by the audit committee of the company.

5. The subsidiary YFY Packaging Inc. split and transferred its "Central Area Asset Management Department" to the subsidiary YFY Construction and Development Co., Ltd.

The subsidiary YFY Packaging Inc. transferred the estimated operating value of the liabilities of its "Central District Asset Management Department" to the subsidiary YFY Construction and Development Co., Ltd. in a split of NT\$771,082,000. , which was reviewed and approved by the audit committee of the company.

6. The subsidiary YFY Packaging Inc. purchased land and buildings at No. 550 Yongfu Road, Xinwu District, Taoyuan City.

The subsidiary YFY Packaging Inc. intends to purchase the land and buildings at No. 550 Yongfu Road, Xinwu District, Taoyuan City, at a purchase price of not more than NT\$500 million to expand the paper factory, which was reviewed

and approved by the Audit Committee of the Company.

7. The subsidiary YFY Cayman Co., Ltd. purchased 44.84% equity of the subsidiary Willpower Industries Limited. YFY Cayman Co., Ltd. purchased 44.84% equity of the subsidiary Willpower Industries Limited held by Pou Chen Industrial Co., Ltd. for USD 62.5 million, which was reviewed and approved by the Audit Committee of the Company. Independent directors' attendance to the Audit Committee meetings in 2021 was described as below:

Title	Name	Attendance in person	Attendance by proxy	Attendance in person rate (%)	Notes
Independent Director	Wen-Cheng Huang	3	0	100%	2 nd term
Independent Director	Thomas Chen	3	0	100%	2 nd term
Independent Director	Hsi-Peng Lu	6	0	100%	2 nd term & 3 rd term
Independent Director	Di-Shi Huang	3	0	100%	3 rd term (was elected on May 17, 2021)
Independent Director	Yie-Yun Chang	3	0	100%	3 rd term (was elected on May 17, 2021)
Independent Director	Jin-li Hu	3	0	100%	3 rd term (was elected on May 17, 2021)

Other statutory information:

1. The date of the meeting, the term, contents of the proposals, independent directors' objections, reservations or major proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:

(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act.

Audit Committee meeting date	Sessions	Agenda item	Independent directors' objections, reservations or major proposals	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2021.1.13	17th meeting of the 2nd Audit Committee	The subsidiary YFY Packaging Inc. to spin-off the Asset Management Division of Central District to YFY Development Corp.	None	Passed as proposed.	Approved in the Board meeting on January 13, 2021
2021.2.24	18th meeting of the 2nd Audit Committee	The Company's 2020 consolidated financial statements, CPA's audit report and 2019 business report.	None	Passed as proposed.	Approved in the Board meeting on February 26, 2021 and ratified in the 2021 shareholders' meeting
2021.2.24	18th meeting of the 2nd Audit Committee	The Company's 2020 earnings distribution proposal	None	Passed as proposed.	Approved in the Board meeting on February 26, 2021 and ratified in the 2021 shareholders' meeting
2021.2.24	18th meeting of the 2nd Audit Committee	Proposal to issue the Company's 2020 Statement of Internal Control System	None	Passed as proposed.	Approved in the Board meeting on February 26, 2021
2021.2.24	18th meeting of the 2nd Audit Committee	Revised some provisions of the company's "Procedures for Lending Funds to Other Parties" and "Procedures for Making Endorsements and Guarantees"	None	Passed as proposed.	Approved in the Board meeting on February 26, 2021
2021.7.14	1st meeting of the 3rd Audit Committee	The subsidiary YFY Packaging Inc. purchased land and buildings at No. 550 Yong fu Road, Xin wu District, Taoyuan City	None	Passed as proposed.	Approved in the Board meeting on July 14, 2021
2021.8.10	2nd meeting of the 3rd Audit Committee	The subsidiary YFY Cayman Co., Ltd. purchased 44.84% equity of the subsidiary Willpower Industries Limited.	None	Passed as proposed.	Approved in the Board meeting on August 12, 2021
2021.11.9	3rd meeting of the 3rd Audit Committee	YFY's 2022 audit plan	None	Passed as proposed.	Approved in the Board meeting on November 11, 2021
2021.11.9	3rd meeting of the 3rd Audit Committee	The company's accountant visa remuneration in 2021 and 2022	None	Passed as proposed.	Approved in the Board meeting on November 11, 2021
2021.11.9	3rd meeting of the 3rd Audit Committee	Assessing the independence and suitability of the CPA	None	Passed as proposed.	Report in the Board meeting on November 11, 2021

(2) In addition to matters above, other resolutions which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

Audit Committee operations which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

2. Any independent directors who had to recuse themselves to avoid conflicts of interest: No independent directors had to recuse themselves to avoid conflicts of interest.
3. Recent communication between independent directors, internal audit managers, and accountants:

1. On a regular basis —

Each month, completed audit reports are sent via email to each Audit Committee member. If there are questions or instructions, members can email or call.

Each quarter, the Audit Committee submits an Audit Progress Report that contains audit practices, findings, and improvements for abnormalities of the Company as well as its subsidiaries.

When Semi-annual and annual financial report were completed, the Audit Committee discuss Audit Progress Report that contains audit practices, key audit findings, and analysis to financial reports with the certified accountant of the Company.

2. On a non-regular basis —

Through telephone calls, emails, and meetings, communicate how to increase the Company's audit value and enhance operational efficiency and effectiveness. If any serious violations are discovered, Audit Committee members must be notified according to regulations.

Recent communication between independent directors, internal audit managers, and accountants

Date	Communication Method	Key Points of Communication	Communication summary and results
2021/02/24	Audit Committee	1. Chief Auditor reported the Audit Progress Report for December 2020. 2. The Chief Auditor explained the 2020 Statement on the Internal Control System.	1. Approved and acknowledged. 2. Passed as proposed after review.
		1. The CPA explained related audits in the 2020 financial statements, and discussed and communicated on the financial conditions and business results. 2. The CPA explains changes in important regulations and communicated.	1. Passed as proposed after reviewing related conditions and discussions. 2. Approved and acknowledged.
2021/05/11	Audit Committee	Chief Auditor reported the Audit Progress Report for 2021 Q1.	Approved and acknowledged.
		Reported the 2021 Q1 financial statements.	
2021/08/10	Audit Committee	Chief Auditor reported the Audit Progress Report for 2021 Q2.	Approved and acknowledged.
		The CPA explained related review status of the 2021 Q2 financial statements, and discussed and communicated on the financial conditions and business results.	Passed as proposed after inquiring and reviewing related conditions.
2021/11/09	Audit Committee	1. Chief Auditor reported the Audit Progress Report for 2021 Q3. 2. Chief Auditor explained the 2022 annual audit plan formulated in accordance with results of risk assessments.	1. Approved and acknowledged. 2. Passed as proposed after review.
		1. Reported the 2021 Q3 financial statements. 2. Review of the independence and competence of CPAs. 3. Review of the CPA audit fee.	1.2. Approved and acknowledged. 3. Passed as proposed after review.
2021/12/29	Closed Door Session	1. Chief Auditor reported the 2022 audit plan. 2. Chief Auditor explains changes in important regulations and communicated.	Approved and acknowledged.
		1. The CPA explained the key audit items. 2. Discuss and communicate the audit plan and methodology. 3. The CPA explains changes in important regulations and communicated.	Approved and acknowledged.
2022/03/11	Audit Committee	1. Chief Auditor reported the Audit Progress Report for 2021 Q4. 2. The Chief Auditor explained the 2021 Statement on the Internal Control System.	1. Approved and acknowledged. 2. Passed as proposed after review.
		3. The CPA explained related audits in the 2021 financial statements, and discussed and communicated on the financial conditions and business results.	1. Passed as proposed after reviewing related conditions and discussions.
		4. The CPA explains changes in important regulations and communicated.	2. Approved and acknowledged.

(III).Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation item		Practice			Compliance with Best Practice Principles and reasons for any discrepancies
		Yes	No	Summary	
I.	Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in establishing and disclosing its corporate governance best practice principles?	V		The Company has established the <i>Corporate Governance Best Practice Principles</i> , which were approved in the 3rd meeting of the 27th Board of Directors on November 13, 2018 and disclosed on the Company website.	· Compliant
II.	The Company's shareholding structure and shareholders' rights and interests				
(I)	Does the Company have in place an internal operating procedure for handling shareholders' suggestions, questions, disputes, or litigation and abide by it?	V		A service department is already in place to handle related matters.	· Compliant
(II)	Does the Company possess a list of major shareholders and a list of ultimate owners of those major shareholders?	V		Information can be obtained through shareholder service agents at any time.	· Compliant
(III)	Does the Company have in place a risk management mechanism and firewall against its affiliates or implement it?	V		The companies stay financially independent from each other, and business performance is evaluated on a regular basis.	· Compliant
(IV)	Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	V		(IV) The Company has established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to prevent the Company's insiders from using information yet to be made public on the market to purchase and sell marketable securities.	· Compliant
III.	Composition and responsibilities of the Board of Directors				
(I)	Does the Board of Directors establish and implement a diversification policy for its composition?	V		On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code. The professional backgrounds of the Board includes industry, management and accounting. The members of our 28th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Jean Liu, Willie Tsai, Kirk Hwang, and Chun-Chieh Huang, as well as accountant Chin-San Wang. Our independent directors include Hsi-Peng Lu, Yie-Yun Chang, Jin-Li Hu are all university professors; and Di-Shi Huang has expertise in criminal investigation. Our Board includes 1 inside director who is also employee of the company. There are 4 independent directors, 1 independent director has served for 6 years and the other three are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 2 directors between the ages of 60 and 70, 5 directors between the ages of 50 and 60. The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes two female members (one of whom is an independent director).	· Compliant

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies																																				
	Yes	No	Summary																																					
(II) Besides the Remuneration Committee and the Audit Committee established according to law, has the Company actively established other types of functional committees?	V		The Remuneration Committee and Audit Committee have been established and are both composed of independent directors.	<div><div>·</div>Compliant</div> <div><div>·</div>Compliant</div>																																				
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	V		The Company's Board of Directors established the "Board of Directors Performance Evaluation Guidelines" in the board meeting on November 12, 2020. The Company has completed the 2021 performance evaluation of the board as a whole, individual directors, and functional committees before the end of the first quarter of 2022 and reported the performance evaluation results to the meeting of the Board of Directors on March 15, 2022.																																					
(IV) Does the Company periodically evaluate independence of the CPA?	V		<div>Each year, the Audit Committee evaluates CPAs' independence and competence based on the following indicators, and respective results are reported to the Board of Directors.</div> <table><tr><th colspan="4">Evaluation indicator 1: Independence</th></tr><tr><th>Item No.</th><th>Evaluation item</th><th>Evaluation results</th><th>Fulfillment of independence criteria</th></tr><tr><td>1</td><td>Has the CPA submitted an independence declaration?</td><td>Yes</td><td>V</td></tr><tr><td>2</td><td>Does the CPA firm have a system for rotating CPAs?</td><td>Yes</td><td>V</td></tr><tr><td>3</td><td>Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?</td><td>Yes</td><td>V</td></tr><tr><td>4</td><td>Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?</td><td>Yes</td><td>V</td></tr><tr><td>5</td><td>Has YFY ensured that there are no financing or endorsements between the CPA and the Company or directors?</td><td>Yes</td><td>V</td></tr><tr><td>6</td><td>Has YFY ensured that the CPA is not a relative of the Company's directors, managerial officers, or other individuals in positions that may have significant impact on the audit? (Evaluate at least the relations such as the spouse, underage children, and close relatives)</td><td>Yes</td><td>V</td></tr><tr><td>7</td><td>Has YFY ensured that the CPA and the Company do not have close business</td><td>Yes</td><td>V</td></tr></table>	Evaluation indicator 1: Independence				Item No.	Evaluation item	Evaluation results	Fulfillment of independence criteria	1	Has the CPA submitted an independence declaration?	Yes	V	2	Does the CPA firm have a system for rotating CPAs?	Yes	V	3	Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?	Yes	V	4	Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?	Yes	V	5	Has YFY ensured that there are no financing or endorsements between the CPA and the Company or directors?	Yes	V	6	Has YFY ensured that the CPA is not a relative of the Company's directors, managerial officers, or other individuals in positions that may have significant impact on the audit? (Evaluate at least the relations such as the spouse, underage children, and close relatives)	Yes	V	7	Has YFY ensured that the CPA and the Company do not have close business	Yes	V	<div><div>·</div>Compliant</div>
Evaluation indicator 1: Independence																																								
Item No.	Evaluation item	Evaluation results	Fulfillment of independence criteria																																					
1	Has the CPA submitted an independence declaration?	Yes	V																																					
2	Does the CPA firm have a system for rotating CPAs?	Yes	V																																					
3	Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?	Yes	V																																					
4	Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?	Yes	V																																					
5	Has YFY ensured that there are no financing or endorsements between the CPA and the Company or directors?	Yes	V																																					
6	Has YFY ensured that the CPA is not a relative of the Company's directors, managerial officers, or other individuals in positions that may have significant impact on the audit? (Evaluate at least the relations such as the spouse, underage children, and close relatives)	Yes	V																																					
7	Has YFY ensured that the CPA and the Company do not have close business	Yes	V																																					

Evaluation item	Practice					Compliance with Best Practice Principles and reasons for any discrepancies	
	Yes	No	Summary				
IV. Has the TWSE or TPEx listed company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?				relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)			
			8	Has YFY ensured that no members of the audit service team currently serve or had served as the Company's director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years?	Yes	V	
			9	Has YFY ensured that the CPA has not accepted valuable (with value beyond regular social norms) gifts or presents from the Company, directors, or managerial officers?	Yes	V	
			10	Has YFY ensured that the CPA is not appointed by the Company to perform routine tasks, receive fixed salary, or serve as a director?	Yes	V	
			11	Has YFY ensured that the CPA is not involved in the decision-making process of the Company?	Yes	V	
			12	Has YFY ensured that the CPA does not provide the Company with appraisal services with material impact on the financial statements or highly subjective appraisals?	Yes	V	
			Evaluation indicator 2: Competence				
			Item No.	Evaluation item	Evaluation results	Fulfillment of competence criteria	
			1	Has the CPA been disciplined or received any other disciplinary action in the past 2 years that would impair his/her professionalism or independence?	Yes	V	
			2	Has the CPA actively provided YFY with the latest information on taxation, and securities supervisory regulations, and updates of IFRS accounting standards.?	Yes	V	
			3	Has the CPA assisted YFY in coordinating communication and coordination with competent authorities?	Yes	V	
			4	Have all financial statements been completed within the deadline?	Yes	V	
			5	Has the CPA maintained adequate communication channels with YFY's management, Audit Committee, and Directors?	Yes	V	
			The Board of Directors resolved in the meeting on May 14, 2019 to appoint Vincent Chan, the AVP of the Legal Department, as the Corporate Governance Officer to protect shareholder interests and strengthen the functions of the Board of Directors. Vincent Chan, the AVP of the Legal Department, has more than three years of work experience in legal affairs in public companies. The Corporate Governance Officer is responsible for related corporate governance affairs including: Handling matters relating to Board meetings and shareholders' meetings according to law; Producing minutes of Board meetings and shareholders' meetings; Assisting in work and continuing education of directors; Furnishing information required for business execution by directors and independent directors; and Assisting the Company in complying with laws and regulations governing such meetings.				
			The implementation of corporate governance affairs in 2021 is as follows:				

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
			1. Convened one annual general meeting of shareholders and produced meeting minutes of the shareholders' meeting. 2. Convened 9 meetings and special meetings of the Board of Directors in 2020 and produced meeting minutes of the Board meetings. 3. Convened 6 meetings of the Audit Committee in 2021 and produced meeting minutes of the Audit Committee meetings. 4. Issued letters to the directors of YFY in January and July 2021 to verify the information on their concurrent positions to ensure the integrity of information on the directors' positions concurrently held at the Company or other companies. 5. Responded to letters from Taiwan Stock Exchange and issued notices to directors and other insiders of YFY to remind them of matters to be reported when they transfer shares of insiders. 6. Regularly provided information on material information reporting procedures and regulations to all departments of YFY. 7. Cooperated with the Human Resources Department in inviting external lecturers for the continuing education for directors and supervisors of YFY and subsidiaries. 8. Provided YFY's Directors with information on continuing education courses for Directors and supervisors organized by external training institutions and assisted Directors in registration and payment procedures.	
V. Does the Company have in place a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders section on its website to properly address stakeholders' concerns regarding important corporate social responsibilities?	V		The Company has set up a dedicated section for stakeholders on its website, where contact information for employees, customers, suppliers/contractors, shareholders/investors, consumers, press members, and other stakeholders are listed for responding to questions concerning corporate social responsibility.	· Compliant
VI. Does the Company hire professional stock agencies to take care of affairs related to shareholders' meetings?	V		We have commissioned SinoPac Securities - Register & Transfer Agency Division to provide assistance.	· Compliant
VII. Information disclosure				
(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	V		Regularly disclose information on the corporate website regarding the Company's financial, business, and corporate governance status.	· Compliant
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		We have created an official Company website in both Chinese and English, and appoint the Corporate Affairs Department to compile and organize information for publication. Each unit has set up a dedicated contact channel, and information is disclosed through investor or press conferences.	· Compliant
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial		V	The Company uploads information in accordance with the deadline specified in regulations and has not published information ahead of schedule.	· Changes are made gradually

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?				
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of stakeholders, further education sought by directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the purchase of liability insurance for directors and supervisors, etc.)?	V		<p>We have already notified each director of the related regulations. Directors are notified immediately when there are regulation changes. Regulations relevant to insider trading among listed companies are also explained to directors at Board meetings. When a material issue that may impact the Company's stock prices is encountered during a Board meeting, the Legal Department will remind all directors and managers present that insider trading is strictly forbidden according to Article 157-1 of the Securities and Exchange Act.</p> <p>When the Company organized ethical corporate management training, the employees of the Legal Department inform employees of the regulations prohibiting insider trading.</p>	Compliant
<p>IX. Please mention any priority matters and measures that require improvement and improvements that have been made according to the Corporate Governance Evaluation results released by TWSE's Governance Center.</p> <p>The Company is committed to strengthening information disclosure in order to enhance corporate governance, and plans to disclose indices that failed to receive points during the Corporate Governance Evaluation. The following section will explain some of the items:</p> <p>Index 2.2: Has the Company established a board diversification policy and disclosed the implementation status of this policy on its annual report and Company website?</p> <p>The Company has complied with the requirements of the Corporate Governance Evaluation in 2018 and established the <i>Corporate Governance Best Practice Principles</i>, which stipulate the Board diversification policy. We also disclosed the implementation status of the diversity policy in the annual report and the Company's website.</p> <p>Index 2.22: Whether the company's board of directors includes at least one female director?</p> <p>On May 17, 2021, the Company re-elected and formed the 28th Board of Directors with new elected directors. The current term of the Board of Directors includes two female members (one of whom is an independent director).</p>				

Director/Supervisor continuing education in 2021:

Title Name	Title Name	Duration		Organizer	Course	Hours
		Start date	End date			
Representative of Institutional Director	Jean Liu	2021/06/18	2021/06/18	Taiwan Investor Relations Institute	Corporate Information War: Practical Analysis of Offensive and Defense of Trade Secrets	3
		2021/07/29	2021/07/29	Taiwan Investor Relations Institute	Practical Analysis of the New Version of Corporate Governance and Board Performance Evaluation	3
		2021/09/17	2021/09/17	Taiwan Corporate Governance Association	Quickly interpret and prepare for ESG disclosure requirements of Corporate Governance 3.0	3
		2021/11/04	2021/11/04	Taiwan Corporate Governance Association	A Macro Vision of Global Enterprise Sustainability—From Vision 2050 to Action 2021	3
Representative of Institutional Director	Willie Tsai	2021/01/20	2021/01/20	Taiwan Corporate Governance Association	How to prevent insider trading and implement corporate governance	3
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Key audit matters that directors and supervisors should understand and countermeasures	3
Representative of Institutional Director	Kirk Hwang	2021/04/29	2021/04/29	Taiwan Institute for Sustainable Energy	The 24th CEO Lecture and Keynote Speech	2
		2021/11/04	2021/11/04	Taiwan Corporate Governance Association	A Macro Vision of Global Enterprise Sustainability—From Vision 2050 to Action 2021	3
		2021/12/14	2021/12/14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture No. 128	3
		2021/12/21	2021/12/21	Taiwan Corporate Governance Association	What are Investors Thinking - Talking about the Sustainable Transformation of Enterprises from ESG Investment and Financing	3
Representative of Institutional Director	Chin-San Wang	2021/08/26	2021/08/26	Taiwan Corporate Governance Association	Take precautions and talk about the continuous management of enterprise operations	3
		2021/11/02	2021/11/02	Taiwan Corporate Governance Association	Corporate Sustainability Governance from the Perspective of Risk—From Corporate Governance to ESG	3
		2021/12/14	2021/12/14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture No. 128	3
Representative of Institutional Director	Chun-Chieh Huang	2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Our distance from insider trading	3
		2021/09/01	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
Independent Director	Hsi-Peng Lu	2021/03/23	2021/03/23	Taiwan Corporate Governance Association	Corporate Social Responsibility and Salary System Analysis	3
		2021/08/09	2021/08/09	Taiwan Corporate Governance Association	Challenges, Opportunities and Strategic Thinking in the Era of Epidemic	3
Independent Director	Di-Shi Huang	2021/10/29	2021/10/29	Taiwan Corporate Governance Association	Governance and Strategy of Sustainable Development of Enterprises	3
		2021/11/02	2021/11/02	Taiwan Corporate Governance Association	Directors and supervisors should understand the commercial event trial law and court trial trends	3
		2021/11/05	2021/11/05	Taiwan Corporate Governance Association	Ten Required Courses of Corporate Governance	3
		2021/11/25	2021/11/25	Taiwan Corporate Governance Association	【 Audit Committee Series Courses 】 How the Audit Committee Implements Financial Report Review	3
		2021/12/14	2021/12/14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture No. 128	3
Independent Director	Yie-Yun Chang	2021/07/16	2021/07/16	Securities & Futures Institute	Climate mitigation and adaptation to promote sustainable competitiveness	3
		2021/07/16	2021/07/16	Securities & Futures Institute	Transaction Analysis and Case Study of Related Persons of Directors and Supervisors	3
Independent Director	Jin-Li Hu	2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Fubon Property & Casualty Directors and Supervisors Responsibility and Risk Management Seminar	3
		2021/09/15	2021/09/15	Digital Governance Association	Directors and Supervisors Responsibility and Risk Management Seminar	3

(IV) Companies that have established a Remuneration Committee shall disclose the names and responsibilities of its members and committee operations

(1) Information on members of the Remuneration Committee

December 31, 2021

Position	Name	Requirement	Professional qualifications and experience	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
Independent Director (Convener)	Hsi-Peng Lu		Ph.D. in Industrial Engineering, University of Wisconsin - Madison Work experience including Dean of School of Management/ Dean of Academic Affairs/ Dean of Information Management department/ Executive Director of EMBA/ Director of E-Commerce Center, National Taiwan University of Science and Technology and the current position of Distinguished Professor, Department of Information Management, National Taiwan University of Science and Technology	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	3
Independent Director	Di-Shi Huang		Master of Criminal Justice Management Institute, Oklahoma City University Work experience including Deputy Director of Investigation Bureau, Ministry of Justice, Director of Taipei City Investigation dpt, Ministry of Justice, Director of New Taipei City Investigation dpt, Ministry of Justice, Director of Agency Against Corruption, Ministry of Justice Investigation Bureau, and Legal Secretary of Department of Justice in Houston, Ministry of Justice Investigation Bureau	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0
Independent Director	Yie-Yun Chang		LL.D in University of Munich Work experience including Dean, Fu Jen Catholic University, Academic Associate Dean and Head of Department of Economics and Law, Fu Jen Catholic University, Member of the 6th Fair Trade Commission, Adjunct Professor at Department of Finance, National Chengchi University and the current position of Vice Principal, Fu Jen Catholic University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	2
Independent Director	Jin-li Hu		Ph.D. in Economic, State University of New York at Stony Brook Work experience including Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, National Chiao Tung University, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management and the current position of Professor at the Institute of Business and Management, National Yang Ming Chiao Tung University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0

(II) Operation of the Remuneration Committee

1. There are 4 members in the Remuneration Committee.
2. Current term for the members: From May 2021 to May 2024. A total of 5 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hsi-Peng Lu	5	0	100%	4 th term committee member and 5 th term convener
Convener	Wen-Cheng Huang	2	0	100%	4 th term
Committee Member	Thomas Chen	2	0	100%	4 th term
Committee Member	Di-Shi Huang	3	0	100%	5 th term re-elected on May 17, 2021 (New appointment)
Committee Member	Yie-Yun Chang	3	0	100%	5 th term re-elected on May 17, 2021 (New appointment)
Committee Member	Jin-li Hu	3	0	100%	5 th term re-elected on May 17, 2021 (New appointment)

Remuneration Committee	Agenda item and follow-up	Results of resolution	Actions taken by the Company in response to the opinion of the Remuneration Committee
4 th term Committee 5 th Meeting 2021/1/27	<ol style="list-style-type: none"> 1. Reviewed and revised some provisions of the Remuneration Committee Charter of YFY Inc. 2. Reviewed the remuneration proposal of Containerboard and Packaging Business manager's transferring 3. Reviewed the employee stock option proposal of YFY Packaging Inc. for managers 4. Reviewed 2020 year-end bonus proposal for executive managers 	Approved by all committee members as proposed.	<p>The board of directors resolved to revise some of the provisions of the Remuneration Committee Charter of YFY Inc.</p> <p>The Chairman of the Board was authorized to approve the 2020 year-end bonus proposal for executive managers within the amount approved by the Remuneration Committee according to individual performance evaluation results and compensation structure for 2020.</p>
4 th term Committee 6 th Meeting 2021/2/24	<ol style="list-style-type: none"> 1. Reviewed the proposal of employee remuneration in 2020 2. Reviewed the proposal of director remuneration in 2020 3. Reviewed the proposal of a manager retired remuneration 	Approved by all committee members as proposed, and recommendation were proposed to the Board of Directors.	The Board of Directors approved the employee and director remuneration proposals in 2020 and reported to the shareholders' meeting.
5 th term Committee 1 st Meeting 2021/5/17	Reviewed the remuneration proposal of the Chairman of YFY Inc.	Approved by all committee members as proposed.	
5 th term Committee 2 nd Meeting 2021/7/30	<ol style="list-style-type: none"> 1. Reviewed the remuneration proposal of the new manager of YFY Inc. 2. Reviewed the managers annual salary increase proposal 	Approved by all committee members as proposed.	
5 th term Committee 3 rd Meeting 2021/11/9	Reviewed the remuneration proposal of the COO	Approved by all committee members as proposed.	The Board of Directors approved the new recruitment.

Other statutory information:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: None.

Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(V) Sustainable Development, Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
<p>I. Does the Company set up a governance structure and a dedicated function to facilitate sustainability development?</p> <p>Is the sustainable development function managed by senior management, and is authorized by/reports the progress to the Board of Directors?</p>	V		<p>The Company has a dedicated function to facilitate sustainability and corporate social responsibility. “Sustainability & Social Responsibility” unit was established under the Corporate Affairs Department since April 2013. “Corporate Social Responsibility Guidance” was approved by the Board of Directors in November 2018. “CSR Office” was separated from Corporate Affairs as an independent function in August 2020, responsible for driving sustainability and ESG projects across the Group.</p> <p>“Sustainability Development Committee” has been planned to establish since September 2021 to oversee material ESG issues relevant to the group’s business activities and support related initiatives to achieve ESG performance within the Group. Chairman of YFY Inc. is the Head of the Committee, while President and top management executives from business subsidiaries serve as committee members. CSR Office serves as secretariat. Major task force units under the Committee include Corporate Governance, Environment Sustainability, Employee Care, Responsible Supply Chain and Social Commitment.</p> <p>CSR Office changed its name to “ESG Office” on February 1st, 2022 and reports directly to the Chairman on a weekly basis to fulfill its ESG responsibilities.</p> <p>The key objectives of ESG Office includes:</p> <ol style="list-style-type: none"> 1. Identify material ESG issues, set up management policies as well as short-term and long-term goals. 2. Assist Board of Directors to monitor ESG performance and build trust with stakeholders. 3. Implement global sustainability best practices to ensure transparent disclosure of ESG indicators and data. 4. Communicate sustainability performance to stakeholders, including but not limited to sustainability report, corporate website, awards review and rating review by international investors and institutions. <p>Major tasks and achievements in 2021 include:</p> <ol style="list-style-type: none"> 1) Committee Task Forces outline goal and sustainability roadmap. 2) Introduce and implement SASB (Sustainability Accounting Standards Board) framework across three major subsidiaries. 3) Introduce and implement TCFD (Task Force on Climate-related Financial Disclosure) framework. 4) Other activities including energy reduction, climate risk management, renewable energy initiatives, water use and resources management etc. 	Compliant
<p>II. Does the company evaluate business-related environmental, social and governance issues and risks based on materiality principles?</p>	V		<p>The Company continues to monitor and identify material environmental, social and governance issues and risks based on materiality principle.</p> <p>The boundaries and reviews are based on relevant international frameworks and best practices, including but not limited to GRI reporting standards, TCFD, SASB Pulp and Paper industry guidance, MSCI paper industry ESG indicators, Corporate Governance Principles of TWSE/TPEX Listed Companies and AA1000 Stakeholder Engagement Standards.</p> <p>Based on the level of significance and relevance of sustainability factors, the coverage of ESG boundaries includes Pulp and Paper BG, Containerboard and Packaging BG, and Consumer Products BG.</p> <p>The factories of the three business groups define management policies regarding climate-related risks and opportunities, such as carbon emission reduction, energy reduction, water resource management, occupational health and safety, regulatory compliance. For more details please refer to YFY Sustainability Report and corporate website.</p>	Compliant
<p>III. Environmental issues</p> <p>(1) Has the Company established a proper environmental management system based on its industry characteristics?</p>	V		<p>The Company has established environmental management systems and received ISO certifications for its production sites in Taiwan and China. Management certificates include ISO 14001 Environmental Management, ISO 9001 Quality Management System, ISO 50001 Energy Management, FSC sustainable forest management, ISO 17025 Testing and Calibration Laboratories, and ISO 14064 Reporting of Greenhouse Gas Emissions and Removals.</p> <p>For more details regarding the list of certifications and its expiration date, please refer to corporate website and YFY Sustainability Report.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
(2)Is the Company committed to increase energy efficiency and use renewable materials with low environment impact?	V		<p>The Company improves energy efficiency by implementing circular economy and using recycled materials with lower environmental impact. The indicators we use for energy efficiency management include, but are not limited to, the energy consumption intensity per unit product, the ratio of alternative fuels used, and the ratio of self-generated electricity in the plant etc.</p> <p>Starting from 2015, the Company set a five-year energy saving target of reducing 1% per year, and the target was effectively achieved. In addition to the continuous efforts in reducing energy consumption and carbon emissions in the production plants, other initiatives include the development of biomass/renewable energy, expansion of alternative fuels, energy recovery and reuse, and energy conservation of plant equipment and production etc.</p> <p>The use of recycled materials is a natural outcome of YFY's circular economy endeavors. Process waste is reproduced into agricultural fertilizers, or is converted into energy (such as biogas power, lignin power, and SRF) or is transformed into environmentally friendly building materials.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>	Compliant
(3)Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?	V		<p>YFY introduced TCFD to identify potential climate-related risks. Climate-related risks include compliance with relevant laws and regulations in the operating locations, increasing production cost, hazards of extreme weather events to equipment and personnel, water resources stability, energy transition costs and opportunities, etc. Climate-related opportunities include renewable energy development, strengthen climate resilience, low water consumption product development, policy incentives and innovation in circular economy.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>	Compliant
<p>(4)Does the Company tracks greenhouse gas emissions, water consumption, and the total weight of waste in the last two years?</p> <p>Does the Company have reduction plans to increase energy efficiency, reduce carbon and greenhouse gas emissions, and water use?</p>	V		<p>The Company regularly tracks and monitors the greenhouse gas emissions, water consumption, and total waste in the production areas.</p> <p>All data is disclosed in YFY's Sustainability Report and corporate website. Data boundary covers three significant business groups: Pulp and Paper BG, Containerboard and Packaging BG, and Consumer Products BG.</p> <p>(1) Greenhouse gas inventory and reduction:</p> <p>Inventory: In response to climate change and global greenhouse gas regulation trends, the Company has been monitoring the business risks and opportunities associated with related issues. All Group's affiliated units have voluntarily reported and disclosed GHG emissions on government portal. All major operating locations have passed the ISO GHG verification. The remaining operating locations have also gradually obtained comprehensive third-party verification.</p> <p>Reduction: The Company actively executes reuse of resource and energy within the group. Various energy-saving plans in the factory area include replacement of LED lighting, high-efficiency motors, and introduction of energy-saving technologies, etc. Most importantly, the use of biomass energy and renewable energy, and the replacement of coal, fuel oil and diesel with alternative fuels to achieve greenhouse gas reduction.</p> <p>For detailed scope 1 and scope 2 emissions data please refer to corporate website and YFY Sustainability Report.</p> <p>(2) Water Use:</p> <p>Each plant evaluates the risk of water resource shortage as to how it affects the paper-making production. The Company implements ISO 14001 Environmental Management System and uses the World Resources Institute tool to assess the water stress in each plant location.</p> <p>YFY's main water withdrawal is from fresh water (without rainwater). The Company ensures that water is used and reused in an eco-friendly manner and does not conflict with water use of household or agriculture. Through the implementation of water-saving, wastewater from different processes is recycled and transferred to the next process for continuous recycling. The Company strictly manages water quality and water discharge in compliant with local regulations.</p> <p>(3) Waste</p> <p>For factories in China and Vietnam, waste is handled by designated waste treatment agencies to be compliant with local regulations. In Taiwan, waste is preserved and reused/recycled into various product (recycled paper, fertilizers), material and energy (biogas power, SRF etc). For details please refer to YFY Sustainability Report.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
IV. Social issues (1) Does the Company comply with relevant international laws and regulations on human rights, and have related management policies and procedures in place?	V		YFY supports the goals of UN Global Compact, Universal Declaration of Human Rights, and the principles of the International Labor Organization. The Company respects human rights and abides by the relevant laws and regulations of each operating base. The Company's "Sustainability and Social Responsibility Code" also stipulates that the Company and its subsidiaries abide by the relevant human rights laws and regulations, recognizing labor rights to protect employees' rights and interests.	Compliant
(2) Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?	V		<p>A set of rules has been implemented in accordance with the applicable regulations to protect employee rights as specified by law.</p> <p>The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We provide a leave system that is more favorable than regulatory requirements and uphold the ideal of sharing profits with employees for the purpose of attracting, retaining, developing, and encouraging talents.</p> <p>1. Competitive salary (1) The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic qualifications, work experiences, skills and positions etc. (2) Salary is not determined by gender or age.</p> <p>2. Bonus and compensation (1) Year-end bonus and other incentives: The Company has established regulations on the year-end bonus to include at least 30 days of salary. The Company also established related standards for the issuance of additional bonuses based on the Company's operations and the employees' rank and performance. The bonuses are competitive and used as incentives to encourage employees to make more contributions and grow with the Company. (2) Employee's remuneration: The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees.</p> <p>3. Salary adjustment (1) The Company implemented three rounds of salary adjustments for all employees in the past three years (2019 – 2021), and the average salary increase was at least 2.5% - 3% in each round. (2) When employees are promoted, their salaries are adjusted immediately to develop, incentivize and retain outstanding talents.</p> <p>For more details please refer to the Present Status of Employer-employee Relationship Section of this report, corporate website, and YFY Sustainability Report.</p>	Compliant
(3) Does the Company provide a safe and healthy work environment, and provide employees with regular safety and health training?	V		<p>Business Units from all levels have responsible occupational health and safety management personnel to ensure safety and health in the work environment. The personnel is responsible for identifying operational hazards to assess and control various material safety and health issues.</p> <p>All of our employees must undertake at least three hours of safety and health training every three years.</p> <p>At each plant in Taiwan, we follow the "YFY Occupational Health and Safety Management Rules" to implement automatic pre-inspection of all machinery and operations, as well as work environment monitoring. YFY has met international health and safety standards and all our plants have obtained ISO 45001 / OHSAS 18001 certifications.</p> <p>In 2021, a total of 61 incidents occurred in the main and 13 production bases of the three major business groups in Taiwan. The breakdown of 61 incidents is as follows:</p> <ul style="list-style-type: none"> • Traffic incident: 2 • Level 1 incident (false alarm): 10 • Level 2 incident (seek medical treatment): 35 • Level 3 incident (stay in hospital for observation): 3 • Level 4 incident (hospitalization): 11 <p>A total of 17 disability cases occurred, accounting for about 0.39% of the total workforce.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			We continue to make improvements on health and safety facilities, and actively create a safe, healthy, comfortable, and friendly workplace to achieve our goal of “zero accidents”.	
(4)Does the Company offer its employees effective occupational empowerment training programs?	V		Professional training and career development programs are provided according to different job functions and positions. For more details please refer to the Employer-employee Relationship Section of this report, corporate website, and YFY Sustainability Report.	Compliant
(5)Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	V		All specifications on the labels of YFY products meet national regulations and standards so that customers fully understand the product and can choose safe and high-quality products. The standards include the UN Mark Certification for Packaging of Dangerous Goods, HACCP Food Safety Management System, ISO 22000 Food Safety Management System, and certifications for environmental label and express packaging green products. In addition, the consumer service line also provides instantaneous consultation service and complaint channels. The operating procedures are in line with personal data protection regulations to ensure that consumer interests are protected and continue to provide customers with better products and experience. In terms of collecting, processing or utilizing personal information, we strictly abide by the relevant provisions of personal data protection regulations, and ensure the safety of customer personal information by employing rigorous organization, management system and control mechanism. The Consumer Products BG has set up a “Personal Data Protection Management Organization” in response to the requirements of Personal Data Protection Act.	Compliant
(6)Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		The Company has supplier environmental programs and continues to source FSC-certified raw materials to ensure that suppliers fulfill their social responsibilities in forest management, environmental protection, labor rights protection as well as occupational health and safety. The Company conducts verification of FSC-COC certifications, and conducted external supplier audit by personnel trained in FSC-STD-40-007. The Company systematically considers supplier’s social responsibility and integrity during procurement. In addition, the Company has required all new suppliers and contractors to sign a letter of integrity since 2013. The scope covers the supplier's corporate social responsibility commitments and specific actions, including compliance with the principles of corporate governance, environmental protection and labor laws, and addresses issues like non-discrimination, no child labor, no forced labor, and minimum living wages etc.	Compliant
V. Does the Company refer to international general principle or GRI guideline to prepare sustainability report and other reports that disclose non-financial information by following international reporting standards or guidelines? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	V		The Company has compiled the Corporate Social Responsibility Report in accordance with the GRI Standards Core since 2015. In 2020, the report was renamed the "Sustainability Report." The Sustainability Report has been certified by a third party, SGS, since 2017. We received the AA1000 Type 2 moderate-level assurance for the reports.	Compliant
VI. If the Company has established sustainable development guidelines by following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles:				
The Company’s Board of Directors has approved and implemented the YFY Sustainability and Social Responsibility Guidelines in 2018. The guidelines are fully executed. For more information regarding YFY’s sustainability practices, please refer to the “Environmental protection expenditure-Environmental sustainability” Section of this annual report, corporate website, and Sustainability Report.				
VII. Other key information useful for explaining status of corporate social responsibility practices:				
1. Green finance: YFY Packaging launched a NT\$1.6 billion syndicated green loan. This is Taiwan’s first green loan in compliance with Asia Pacific Loan Market Association’s Loan Principles and certified by an independent third-party agent. The use of proceeds is focused on three main ESG projects: biogas renewable energy, gas and electricity generating system with zero coal usage and green production with recycled papers.				

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
2.	Supply chain resilience: YFY builds a supply chain finance platform with block chain technology to assist small and midsize suppliers in financing and risk control. The blockchain hyper ledger technology integrates information of suppliers' logistics, business flow, and credit status to speed up verification and ensure the authenticity of transactions among enterprises, banks, suppliers and customers.			
3.	Social participation: Support COVID-19 relief and epidemic prevention activities; donation of household supplies and provide assistance to the disadvantaged groups; scholarship programs and other community engagement activities. Sponsoring of CSR and environment education programs.			
4.	Low carbon, low energy and de-fossil: We are inaugurating the YFY Academy to connect experts from around the world to collaborate on sustainable solutions to our global climate and environmental challenges. The focus will be in three major domains: materials, energy and digitalization.			
5.	Awards and recognition: Major awards from TCSA in three categories: "Leadership in Circular Economy," "Sustainability Report Gold," "Sustainability Performance Award". Biogas Renewable Energy System was awarded National Innovation Award from the Institute for Biotechnology and Medicine Industry (IBMI). CircuWell Total Recyclable Packaging Solution was awarded Asia Pacific Big Innovation Awards and Taiwan Sustainability Action Award. Other awards include Green Procurement-Excellent Organization, Outstanding Circular Economy Organization, recognition as an Air Quality Purification Zone adoptee, TCSA Taiwan SDG Action Gold Award, Taiwan Excellence Silver Awards, APEA Inspirational Brand Award, Promote Workplace Health Service-Healthy Family Model, Excellent Workplace-National Health Management Award, Outstanding Backbone Enterprise Award, etc.			
6.	Employee relations: Encourage employees to engage in volunteer services. Career development and personal development training programs are provided to different job functions and positions. Employee participation of training exceeded 75%. Employee satisfaction surveys are conducted every two years on a regular basis to improve labor/management relations.			

(VI) Deviations of the implementation of ethical corporate management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation

Evaluation item		Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
		Yes	No	Summary	
I.	Establishment of ethical corporate management policy and approaches				
(I)	Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?	V		The Company's "Code of Operation Integrity" was passed by the Board of Directors and the Company established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to actively prevent dishonest behavior and conflicts of interest, establish whistleblowing channels, and regulate the conduct of relevant personnel.	Compliant
(II)	Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?	V		The Company performs regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business and implement programs to prevent unethical conduct. The programs are provided below: 1. Prevention of dishonest behavior and the prohibition of bribery acceptance: Detailed information about disciplinary actions and the reporting system are listed in Chapter Four: "Service Regulations" of the Work Rules. 2. Protection of Intellectual Property Rights: Achieved by requiring employees to sign the <i>Integrity and Confidentiality of Intellectual Property Agreement</i> as well as the employment contract. 3. Code of Conduct for Employees: The Code of Conduct for Employees was established to implement the Company's core values, maintain high ethical standards, provide employees with standard compliance requirements when performing their daily duties and tasks, protect the Company's reputation, and earn the respect and trust of our clients, vendors, and other individuals. 4. <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> : Contain 15 operational regulations and stipulate whistleblowing systems and handling procedures.	Compliant
(III)	Does the Company have any measures against dishonest conduct? Are these measures supported by proper procedures, conduct guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?	V		The Company established the <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> in accordance with the <i>Code of Operation Integrity</i> to specify disciplinary actions and complaint systems and the Company reviews the policies on a regular basis.	Compliant
II.	Full Implementation of ethical management principles				
(I)	Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		In the credit evaluation process of business partners, the Company carefully assesses the integrity of their records. Likewise, we clearly specify in the procurement contract as well as the <i>Honesty and Integrity Declaration Form</i> that absolutely no bribery or dishonest behavior are allowed.	Compliant
(II)	Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The Company's Human Resources Department is responsible for handling the drafting, revision, interpretation, consulting services, notification, and record of the Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> . The Department supervises the executing unit and reports the implementation status of the ethical corporate management policies and programs for preventing unethical conduct to the Board of Directors once a year.	Compliant
(III)	Does the Company have policies that help prevent conflicts of interests, provide appropriate channels for filing related complaints, and precisely enforce them?	V		Directors who may have a conflict of interest with respect to a proposal discussed during a Board meeting must recuse themselves from the meeting.	Compliant
(IV)	Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems	V		An effective accounting system and internal control system are already in place; internal auditors conduct inspections according to the audit plan approved by the Board of Directors. In 2018, the Company hired a CPA to conduct a special audit within the specific scope of the internal control system as required by TWSE.	Compliant

Evaluation item		Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
		Yes	No	Summary	
(V)	accordingly to prevent unethical conduct, or engage CPAs to perform the audits? Does the Company periodically provide internal and external training on ethical corporate management?	V		The Company organizes regular training on ethical corporate management related topics to promote relevant moral and ethical standards. The Company organized ethical management seminars, corporate governance courses for Directors and Supervisors, and corporate governance courses for legal affairs/audit managerial officers in 2020. The courses received 269 enrollments from YFY and YFY Holding Management and delivered 365 hours of training.	Compliant
III. (I)	Implementation of the Company's whistleblowing system Does the Company have in place a substantial whistleblowing and reward system as well as a convenient reporting channel and appropriate designated personnel with regard to the party being reported on?	V		The Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> established a whistleblowing and reward system as well as open and diversified reporting channels with the Human Resources Department as the responsible department.	Compliant
(II)	Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	V		The Company has prescribed the standard operating procedures for investigating report, follow-up measures to be taken after the completion of investigations, and related confidentiality mechanisms in its <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> .	Compliant
(III)	Does the Company adopt measures to prevent whistleblowers from improper treatment for filing the report?	V		The Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> expressly pledges the Company's protection of whistleblowers from damages imposed on the legal or contractual rights of whistleblowers as a result of whistleblowing. Should he or she be subject to improper treatment after filing the report, the whistleblower may file grievance report with the Company's Human Resources Department.	Compliant
IV. (I)	Reinforcing information disclosure Has the Company disclosed its corporate ethical management principles and progress onto its website and the Market Observation Post System?	V		Important internal policies and the operation of audit units are disclosed on the Company website.	Compliant
V.	If the Company has implemented its own ethical corporate management principles by following the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: The Company has established the <i>Ethical Corporate Management Guidelines</i> and relevant operational procedures, and incorporated the principles of ethical corporate management into applicable regulations pursuant to the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> .				
VI.	Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: (e.g., review/revision of the Company's ethical corporate management principles, etc.): The Company requires all suppliers and third parties to sign the <i>Honesty and Integrity Declaration Form</i> to guarantee their commitment to fulfill their obligations of conducting honest business operations. All contracts between the Company and its suppliers require both parties to comply with the ethical corporate management policy. If the supplier is involved in any dishonest activity, the Company may terminate or void the contract at any time.				

(VII) The Company shall disclose the ways to make inquiries if it has implemented a set of corporate governance principles or related rules: N/A

(VIII) Other material information that can facilitate the understanding of the Company's corporate governance practice may be disclosed:

1. Please refer to (3) Corporate governance practice and compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. Continuing education and training for key managers who participate in corporate governance:

Corporate governance training for key managers in 2021

Topics of the Courses	Organizer	Date	Hours	Participate Managers
Carbon Tax, Carbon Trading Market, Carbon Pricing (Carbon Sink and Carbon Rights) Global and Taiwan Renewable Energy RE100 Practice	Human Resources Department	2021.12.14	3	KT Yin, Cheng-Hsien Chu, Vincent Min, Doxon Wu, Jeff Huang, Miles Chang, Vincent Chan, Jack Su, Claudia Kung, Judy Wu, Coco Chang and other key managers of investee companies
What are Investors Thinking - Talking about the Sustainable Transformation of Enterprises from ESG Investment and Financing	Human Resources Department	2021.12.21	3	Doxon Wu, Jeff Huang, Vincent Chan, Claudia Kung, Coco Chang and other key managers of investee companies

1. Statement on the Internal Control System

YFY Inc.

Statement on the Internal Control System

Date: March 15, 2022

In 2021, the Company conducted a self-assessment on its internal control system, and based on its outcomes, hereby declares as follows:

- (1) The Company is clearly aware that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and the executives. YFY has established this system accordingly. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- (2) There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. In addition, due to changes in market environment and conditions, the effectiveness of the internal control system may change along with them. Nonetheless, YFY's internal control system has a built-in self-supervision mechanism and once a flaw is detected, the Company is able to make immediate corrections.
- (3) In compliance with the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (the "Regulations"), YFY has adopted a checklist of items for the internal control system in judging the effectiveness of system design and implementation. The checklist items covered in the Regulations are based upon five elements according to the management control process: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element comprises several items as detailed in the Regulations.
- (4) The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- (5) Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2021 (including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.
- (6) This Statement shall become a main part of the annual report and prospectus and be disclosed to the public. If there are any deceptive or concealed statements herein, the Company shall be liable for violations of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- (7) This Statement was approved by the Board of Directors on March 15, 2022; all 9 directors present concurred unanimously.

YFY Inc.

Chairman: Jean Liu

President: David Lo

2. CPA's internal control special audit report: N/A

(X). Penalty on the Company and its personnel or punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies, and improvement in the past year and up to the print date for this annual report: This event did not occur at the Company.

(XI). Important resolutions adopted in shareholders' meetings, Board of Directors' meetings, and the Audit Committee meetings in the past year and up to the print date of this annual report:

1. Important resolutions of the 2021 annual shareholders' meeting (May 17, 2021) (summary)

- (1) Approved the acknowledgment of YFY's 2020 financial statements.
- (2) Approved the acknowledgment of YFY's 2020 earnings distribution proposal.
- (3) Passed the proposal for the amendment for YFY's "Operation Procedures for Funds Lending to Others"
- (4) Passed the proposal for the amendment for YFY's "Operation Procedures for Endorsement and Guarantee"
- (5) 28th election for 5 director seats and 4 independent director seats.
- (6) Passed to remove the non-competition restriction for YFY's new directors and the institutional entities they represent.

Implementation of resolutions of the 2021 shareholders' meeting:

- (1) The Board of Directors followed Article 230 of the Company Act and prepared and submitted the financial statements to the shareholders' meeting for acknowledgment. Once acknowledged by the shareholders' meeting, the Board of Directors distributed the financial statements and earnings distribution proposals to the shareholders through announcements.
- (2) In 2020, the Company's cash dividends of ordinary stock were NT\$1.5 per share; the ex-dividend date was June 15, 2021, and the distribution date for dividends was July 9, 2021.
- (3) After the company has decided to revise some of the provisions of the company's "Operation Procedures for Funds Lending to Others" and "Operation Procedures for Endorsement and Guarantee ", the financial department will notify each subsidiary to revise according to the company's revised provisions. Afterwards, the loan of funds to others and endorsement and guarantee operations shall be handled in accordance with the revised regulations.
- (4) The company will form the 28th board of directors according to the election results of the shareholders' meeting, and will complete the registration of changes of directors on June 8, 2021.
- (5) The company lifts the non-compete restrictions on new directors of the company and the legal person they represent with the consent of the shareholders' meeting.

YFY have completed the implementation of all tasks in accordance with the resolutions of the shareholders' meeting.

2. Important resolutions of the 18th (interim) meeting of the 27th term's Board of Directors (January 13, 2021) (summary)

- (1) Approved the subsidiary, YFY Packaging Inc., to spin-off the Asset Management Division of Central District to YFY Development Corp..
- (2) Approved the subsidiary, YFY Packaging Inc., to process capital reduction due to the spin-off project in exchange for the new shares issuance by the subsidiary, YFY Development Corp.

3. Important resolutions of the 19th meeting of the 27th term's Board of Directors (February 26, 2021) (summary)

- (1) Approved YFY's 2020 financial statements and submitted them to the shareholders' meeting for acknowledgment.
- (2) Approved YFY's 2020 earnings distribution proposal and submitted it to the shareholders' meeting for approval.
YFY's 2020 net profit after tax was NT\$5,209,079,592; surplus from the previous year in terms of accumulated undistributed earnings was NT\$6,865,655,318; confirmed welfare plan re-measurement was NT\$583,663,200, profits from disposal of FVOCI financial assets (including investment companies) was NT\$302,575,063, and special reserve reversal was NT\$26,770,557 before subtracting a recognized change of NT\$56,258,745 in the net value of shares held in the investment portfolio to arrive at a total of NT\$12,391,484,985 in unappropriated retained earnings. Excluding a statutory legal reserve of NT\$606,582,967, the distribution of a NT\$1.5 cash dividend of per share, amounting to NT\$2,490,557,243 in total, was conducted. The remaining balance of NT\$9,834,344,775 is reserved to be appropriated in the coming year.
- (3) Approved YFY's 2020 employee and director remuneration proposals and submitted them to the shareholders' meeting. In 2020, the Company set aside NT\$5,361,204 as remuneration for employees and NT\$22,000,000 as remuneration for directors.
- (4) Approved to propose the 28th term of the 9 seats board of directors (5 directors and 4 independent directors) to be elected in the annual general meeting of 2021.
- (5) Approved the proposal to the shareholders meeting to remove the non-competition restriction for YFY's new directors and the institutional entities they represented.
- (6) Approved the time, location, agenda, and other relevant matters regarding the 2021 shareholders meeting.
- (7) Approved the Company's 2020 Statement of Internal Control System.
- (8) Approved the amendment for YFY's Procedures for Lending Funds to Other Parties and the submission to the shareholders' meeting for resolution.
- (9) Approved the amendment for YFY's Procedures for Making Endorsements and Guarantees and the submission to the shareholders' meeting for resolution.
- (10) Approved the amendment of certain articles of YFY's "Procedures for Remuneration Committee".
- (11) Approved YFY's interbank lending credit line application.
- (12) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support for the interbank lending credit line applications by the subsidiaries.
- (13) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries.
- (14) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2020 and calculated these at the end of Q4 to be approx. NT\$12,912,081 thousand.

4. Important resolutions of the 20th (interim) meeting of the 27th term's Board of Directors (April 1, 2021) (summary)

- (1) Approved nomination of candidates for the election of the 28th Board of Directors of the Company is Jean Liu, Willie Tsai, Kirk Hwang, Chin-San Wang, Chun-Chieh Huang, Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu at the 2021 General Meeting of Shareholders.

5. Important resolutions of the 21th meeting of the 27th term's Board of Directors (May 13, 2021) (summary)

- (1) Approved YFY's interbank lending credit line application.

- (2) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support and comfort for the interbank lending credit line applications by the subsidiaries.
 - (3) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries.
 - (4) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q1 to be NT\$13,369,499 thousand.
- 6. Important resolutions of the 1st (interim) meeting of the 28th term's Board of Directors (May 17, 2021) (summary)**
- (1) To elect Ms. Jean Liu as the 28th Chairman of the Company.
 - (2) Approved the appointment of 4 independent directors Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu as members of the 3rd term's "Audit Committee" of the Company.
 - (3) Approved the appointment of 4 independent directors Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu as members of the 5th "Compensation Committee" of the Company.
 - (4) Approved Within 3 months from the date when "Professor Hsi-Peng Lu" and "Professor Jin-li Hu" were elected as independent directors of the Company, the Company completed the signing of industry-university cooperation and academic feedback mechanism contracts with National Taiwan University of Science and Technology and National Yang Ming Chiao Tung University.
 - (5) Approved the Company appointed Willie Tsai to continue the position of General Manager of the Company, and Felix Ho resigned from the position of Manager of the Company.
- 7. Important resolutions of the 2nd (interim) meeting of the 28th term's Board of Directors (July 14, 2021) (summary)**
- (1) Approved the subsidiary YFY Packaging Inc. purchased land and buildings at No. 550 Yongfu Road, Xinwu District, Taoyuan City.
- 8. Important resolutions of the 3rd meeting of the 28th term's Board of Directors (August 12, 2021) (summary)**
- (1) Approved the subsidiary YFY Cayman Co., Ltd. purchased 44.84% equity of the subsidiary Willpower Industries Limited.
 - (2) Approved re-appointed Ms. Jean Liu as the manager of the company's Taipei branch.
 - (3) Approved YFY's interbank lending credit line application.
 - (4) Approved YFY to serve as the joint promissory note maker in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support/comfort for the interbank lending credit line applications by YFY's subsidiaries.
 - (5) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries, and to issue letters of support for the interbank lending credit line applications by their subsidiaries.
 - (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q2 to be approx. NT\$13,781,628 thousand.
- 9. Important resolutions of the 4th (interim) meeting of the 28th term's Board of Directors (September 30, 2021) (summary)**

- (1) Approved the company's subsidiary, Arizon RFID Technology Co., Ltd., restructured its shareholding structure, and applied for the first listing in Taiwan with the newly established subsidiary, Arizon RFID Technology (Cayman) Co., Ltd.

10. Important resolutions of the 5th meeting of the 28th term's Board of Directors (November 11, 2021) (summary)

- (1) Approved YFY's 2022 annual operational budget.
- (2) Approved YFY's 2022 annual audit plan.
- (3) Approved the company's accountant visa remuneration in 2021 and 2022.
- (4) Approved a resolution to finance YFY's existing short-term loans from banks and replenish the medium-term operational budget as well as improve YFY's capital structure via a five-year syndicated loan with First Bank, Bank of Taiwan as lead banks.
- (5) Approved YFY's interbank lending credit line application.
- (6) Approval of YFY to be the joint promissory note maker of subsidiaries' loan credit line with correspondent bank, and the approval of YFY to issue a letter of commitment for subsidiaries.
- (7) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint guarantor in the interbank lending credit line applications by their subsidiaries, and to issue letters of support for the interbank lending credit line applications by their subsidiaries.
- (8) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q3 to be approx. NT\$3,571,760 thousand.
- (9) Approved appointed Mr. Cheng-Hsien, Chu as the chief operating officer of the Company.

11. Important resolutions of the 6th (interim) meeting of the 28th term's Board of Directors (January 28, 2022) (summary)

- (1) Approved appointed Mr. David Lo as the General Manager of the Company.

12. Important resolutions of the 7th meeting of the 28th term's Board of Directors (March 15, 2022) (summary)

- (1) Approved YFY's 2021 financial statements and submitted them to the shareholders' meeting for acknowledgment.
- (2) Approved YFY's 2021 earnings distribution proposal and submitted it to the shareholders' meeting for approval. YFY's 2021 net profit after tax was NT\$5,204,253,904; surplus from the previous year in terms of accumulated undistributed earnings was NT\$9,834,344,775 confirmed welfare plan re-measurement was NT\$187,406,400, profits from disposal of FVOCI financial assets (including investment companies) was NT\$25,082,003, and special reserve reversal was NT\$1,811,826 before subtracting a recognized change of NT\$762,501,164 in the net value of shares held in the investment portfolio to arrive at a total of NT\$14,490,397,744 in unappropriated retained earnings. Excluding a statutory legal reserve of NT\$465,605,297, the distribution of a NT\$1.5 cash dividend of per share, amounting to NT\$2,490,557,243 in total, was conducted. The remaining balance of NT\$11,534,235,204 is reserved to be appropriated in the coming year.
- (3) Approved YFY's 2021 employee and director remuneration proposals and submitted them to the shareholders' meeting. In 2020, the Company set aside NT\$5,550,000 as remuneration for employees and NT\$22,000,000 as remuneration for directors.
- (4) Approved the time, location, agenda, and other relevant matters regarding the 2022 shareholders meeting.
- (5) Approved the Company's 2021 Statement of Internal Control System.

- (6) Approved the amendment for YFY's Company Article and the submission to the shareholders' meeting for resolution.
- (7) Approved the amendment for YFY's Rules of Procedures for Shareholders Meetings and the submission to the shareholders' meeting for resolution.
- (8) Approved the amendment for YFY's Procedures for the Acquisition or Disposal of Assets and the submission to the shareholders' meeting for resolution.
- (9) Approved the amendment for YFY's Procedures for Related Party Transactions of Assets and the submission to the shareholders' meeting for resolution.
- (10) Approved YFY's interbank lending credit line application.
- (11) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support or letters of awareness for the interbank lending credit line applications by the subsidiaries.
- (12) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries, and to issue letters of support for the interbank lending credit line applications by their subsidiaries.
- (13) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2020 and calculated these at the end of Q4 to be approx. NT\$15,347,817 thousand.

13. Important resolutions of the 17th (interim) meeting of the 2nd term's Audit Committee (January 13, 2021) (summary)

- (1) Approved the subsidiary, YFY Packaging Inc., to spin-off the Asset Management Division of Central District to YFY Development Corp. The proposal is filed to the Board of Directors for approval.
- (2) Approved the subsidiary, YFY Packaging Inc., to process capital reduction due to the spin-off project in exchange for the new shares issuance by the counterparty, YFY Development Corp. The proposal is filed to the Board of Directors for approval.

14. Important resolutions of the 18th meeting of the 2nd term's Audit Committee (February 24, 2021) (summary)

- (1) Approved YFY's 2020 financial statements The proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2020 earnings distribution proposal to distribute NT\$1.5 cash dividend per share. The proposal is filed to the Board of Directors for approval.
- (3) Approved YFY's 2020 Statement on the Internal Control System and filed to the Board of Directors for approval.
- (4) Approved the amendment for YFY's Procedures for Lending Funds to Other Parties and filed to the Board of Directors for approval.
- (5) Approved the amendment for YFY's Procedures for Making Endorsements and Guarantees and filed to the Board of Directors for approval.
- (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2020 and calculated these at the end of Q4 to be approx. NT\$12,912,081 thousand, and filed to the Board of Directors for approval.

15. Important resolutions of the 19th meeting of the 2nd term's Audit Committee (May 10, 2021) (summary)

- (1) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2020 and calculated these at the end of Q1 to be approx. NT\$15,648,292 thousand, and submitted this to the Board of Directors for approval.

16. Important resolutions of the 1st (interim) meeting of the 3rd term's Audit Committee (July 14, 2021) (summary)

- (1) Approved the subsidiary YFY Packaging Inc. purchased land and buildings at No. 550 Yongfu Road, Xinwu District, Taoyuan City. The proposal is filed to the Board of Directors for approval.

17. Important resolutions of the 2nd meeting of the 3rd term's Audit Committee (August 10, 2021) (summary)

- (1) Approved the subsidiary YFY Cayman Co., Ltd. purchased 44.84% equity of the subsidiary Willpower Industries Limited. The proposal is filed to the Board of Directors for approval.
- (2) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q2 to be approx. NT\$13,781,628 thousand, and submitted this to the Board of Directors for approval.

18. Important resolutions of the 3rd meeting of the 3rd term's Audit Committee (November 9, 2021) (summary)

- (1) Approved YFY's 2022 annual audit plan and submitted it to the Board of Directors for approval.
- (2) Approved the company's accountant visa remuneration in 2021 and 2022, and submitted it to the Board of Directors for approval.
- (3) Approved the compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reported this to the Board of Directors.
- (4) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q3 to be approx. NT\$3,571,760 thousand, and submitted this to the Board of Directors for approval.

19. Important resolutions of the 4th meeting of the 3rd term's Audit Committee (March 11, 2022) (summary)

- (1) Approved YFY's 2021 financial statements The proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2021 earnings distribution proposal to distribute NT\$1.5 cash dividend per share. The proposal is filed to the Board of Directors for approval.
- (3) Approved YFY's 2021 Statement on the Internal Control System and filed to the Board of Directors for approval.
- (4) Approved the amendment for YFY's Procedures for the Acquisition or Disposal of Assets and filed to the Board of Directors for approval.
- (5) Approved the amendment for YFY's Procedures for Related Party Transactions of Assets and filed to the Board of Directors for approval.
- (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2021 and calculated these at the end of Q4 to be approx. NT\$15,347,817 thousand, and filed to the Board of Directors for approval.

(XII) The content of any resolution of the Board of Directors which received any dissenting opinions from a director or supervisor that are supported by appropriate records or written statements:

The 19th meeting of the 27th term's Board of Directors (February 26, 2021) , regarding the Company's plan to elect 5 directors and 4 independent directors for the 28th term of the general meeting of shareholders in 2021, director Richard Ho stated that the number of directors of the company has been reduced to the current 9 seats, which is not complete for the representation of shareholders. It is recommended to maintain the original arrangement of 6 directors and 3 independent directors.

After the chairman's decision to vote by show of hands, except for director Richard Ho's objections, the rest of the directors agreed to pass on the proposal.

(XIII) Resignation or dismissal of professional managerial officers, including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance and Chief R&D Officer in the past year and up to the print date of this annual report:

Summary of resignation and dismissal of professional managerial officers

March 31, 2022

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairman	Felix Ho	2016/8/12	2021/5/17	Re-election of new directors after the term expired
President	Willie Tsai	2019/2/19	2022/2/7	Personal resignation

Note : On May 17, 2021, the Board of Directors of YFY Inc. elected Ms. Jean Liu as the Chairman of the Company. The company newly hired Mr. David Lo as the President of YFY Inc. on February 7, 2022.

V. Information on Fees to CPA

(I) When non-audit fees paid to the CPAs, to the accounting firm of the CPAs, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid to them, the amounts of both audit and non-audit fees and the details of the non-audit services shall be disclosed.

Unit: NT\$ thousand

Name of accounting firm	Name of CPAs	Audit fee	Non-audit fees	Audit period	Total	Notes
Deloitte and Touche Taiwan	Hui-Ming Huang	2021.01.01	3,750	1,365	5,115	1. Non-Supervisory Salary Review 2. Audit Committee Document Review 3. Information Security Enhancement 4. Service Fee Tax Visa
	Ya-Ling Wong	~ 2021.12.31				

Note: Non-audit fees shall be listed by service item. If the "Others" column under Non-Audit Fees reaches 25% of the total non-audit fees, the service items associated with this column shall be listed in the Note column.

VI. Information on change/replacement of CPA:

(I) Regarding previous CPA:

Date of change	From August 2020		
Reasons for change and remark	Because of the firm’s internal rotation and arrangement, CPA Benjamin Shih was replaced by CPA Ya-Ling Wong.		
Termination initiated by client or accountant declined to accept the appointment	<div>Parties Involved</div> <div>Scenario</div>	CPA	Client
	Termination initiated by client	N/A	N/A
	CPA declined to accept (continue) the appointment	N/A	N/A
Audit opinions other than unqualified opinions issued in the past two years and reasons	None		
Opinions different from those of issuer	Yes		Accounting principles or practice
			Disclosure of financial reports
			Scope or stages of auditing
			Others
	None	√	
	Description		
Other disclosures (Disclosures specified in Item 1.4-1.7, Subparagraph 6, Article 10 of the Standards)	None		

(II) Regarding succeeding CPA:

Name of firm	Deloitte and Touche Taiwan
Name of CPAs:	Ya-Ling Wong, CPA
Date of appointment	From August 2020
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Succeeding CPA's written opinions that are different from those of the previous CPA	None

(III)The former CPA’s reply to Point 3, Item 1 and Item 2, Subparagraph 6, Article 10 of the Standards:
N/A.

VII. The Chairman, President and Financial or Accounting Managerial Officer of the Company who has worked for CPAs’ firm or its affiliate in the past year: This event did not occur at the Company.

VIII. Change in equity and share pledges by directors, supervisors, managers, and major shareholders holding more than 10% of the shares in last fiscal year and up to the print date for this annual report

(I). Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2021		Current fiscal year up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Jean Liu	-	-	-	-
Director and President (Appointed on 2022/2/7)	David Lo				
Director and President (Resigned on 2022/2/7)	Willie Tsai	-	-	-	-
Director and CTO	Kirk Hwang	-	-	-	-
Director	Chin-San Wang	-	-	-	-
Director	Chun-Chieh Huang	-	-	-	-
Independent Director	Hsi-Peng Lu	-	-	-	-
Independent Director	Di-Shi Huang	-	-	-	-
Independent Director	Yie-Yun Chang	-	-	-	-
Independent Director	Jin-Li Hu	-	-	-	-
Institutional Director	Shin-Yi Enterprise Co., Ltd.	-	-	-	-
Institutional Director	Yuen Foong Paper Co., Ltd.	-	-	-	-
CSO (Resigned on 2022/2/6)	Hsianmin Chen	-	-	-	-
COO	Cheng-Hsien Chu	-	-	-	-
VP, Finance Center	K. T. Yin	-	-	-	-
VP, Human Resources Department	Jeff Huang	-	-	-	-
AVP, Accounting Department	C. F. Wu				
AVP, Legal Department and Corporate Governance	Vincent Chan	-	-	-	-
AVP, Procurement Department	Claudia Kung	-	-	-	-
AVP, President's Office	Miles Chang	-	-	-	-
AVP, New Business Management Office	Jack Su				
Manager, Auditing Department	Irene Cheng	-	-	-	-
Major shareholder	S. C. Ho	-	-	(8,350,000)	-

(II). Share transfer information:

Name	Reason for equity transfer	Transaction date	Traded to	Relationships between the person traded with and the Company, its directors, supervisors, and shareholders who own more than 10% of the shares	No. of shares	Trade value
S. C. Ho	Disposal(Gifted)	2022/2/25	Yi-Chia Ho	Father and daughter	8,350,000	N/A

(III). Share pledge information: This event did not occur at the Company.

IX. Information disclosing the spouse, kinship within second degree, and relationship between any of the top ten shareholders

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
S. C. Ho	162,265,028	9.77%	0	0	0	0	1. Hsin-Yi Foundation 2. Shin-Yi Enterprise Co., Ltd. 3. Hsinex International Corp. 4. Mei-Yu Ho 5. Ru Yi Enterprise Co., Ltd. 6. Felix Ho	1. Director is the representative's spouse 2. Director is the representative's spouse 3. Director is the representative's spouse 4. Siblings 5. Director 6. Father and son	N/A
Hsin-Yi Foundation Representative: Sing-Ju Chang	94,004,485 0	5.66% 0.00%	0 162,265,028	0 9.77%	0 0	0 0	1. S. C. Ho 2. Mei-Yu Ho 3. Felix Ho	1. Director is the representative's spouse 2. Related to the representative as relative-in-law within second degree of kinship 3. Mother and son with the representative	N/A
Shin-Yi Enterprise Co., Ltd. Representative: Sing-Ju Chang	77,794,610 0	4.69% 0.00%	0 162,265,028	0 9.77%	0 0	0 0	1. S. C. Ho 2. Mei-Yu Ho 3. Felix Ho	1. Director is the representative's spouse 2. Director is the representative's relative-in-law within second degree of kinship 3. Director and representative are mother and son	N/A

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
Hsinex International Corp. Representative: Sing-Ju Chang	59,890,895 0	3.61% 0	0 162,265,028	0 9.77%	0 0	0 0	1. S. C. Ho 2. Mei-Yu Ho 3. Felix Ho	1. Director is the representative's spouse 2. Related to the representative as relative-in-law within second degree of kinship 3.Mother and son with the representative	N/A
Cheng-Ting Ho	46,544,959	2.80%	1,878,837	0.11%	0	0	N/A	N/A	N/A
Supervisory Committee of Workers' Pension Reserve Funds, YFY Inc., Representative: K. T. Yin	46,396,624 0	2.79% 0.00%	0 0	0 0	0 0	0 0	N/A	N/A	N/A
Ru Yi Enterprise Co., Ltd. Representative: Pao-Yu Hsieh	44,514,000 0	2.68% 0.00%	0 488	0 0.00%	0 0	0 0	S. C. Ho	Director	N/A
Mei-Yu Ho	44,053,664	2.65%	3,959,112	0.24%	0	0	1. S. C. Ho 2. Sing-Ju Chang, Representative of Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., and Hsinex	1.Siblings 2.Related to the representative as relative-in-law within second degree of kinship	N/A
NEW TALENT LIMITED Representative: Modern Victory Limited	35,842,000 0	2.16% 0.00%	0 0	0 0	0 0	0 0	N/A	N/A	N/A
Felix Ho	35,729,953	2.15%	0	0	0	0	1.S. C. Ho 2. Shin-Yi Enterprise Co., Ltd. 3.Sing-Ju Chang, Representative of Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., and Hsinex International Corp.	1.Father and son 2.Director 3.Mother and son	N/A

X. Numbers of Shares Held in Invested Enterprises by the Company, the Company's Directors, Independent Directors, and Managers, and Enterprises Directly or Indirectly Controlled by the Company and the Consolidated Shareholding Ratio

December 31, 2021 Unit: thousand shares; %

Equity method-accounted investments	Investment by the Company		Investments by directors, independent directors, the President and directly or indirectly controlled entities		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
YFY Packaging Inc.	410,150	100.0	0	0	410,150	100.0
YFY Consumer Products Co., Ltd.	158,005	59.1	22,659	8.5	180,670	67.6
Union Paper Corp.	19,584	18.9	10,947	10.6	30,531	29.5
Yuen Yan Paper Co., Ltd.	6,179	50.9	9	0.1	6,188	51.0
China Color Printing Co., Ltd.	32,896	49.7	887	1.3	33,783	51.0
YFY Development Corp.	168,500	100.0	0	0	168,500	100.0
E Ink Holdings	133,473	11.7	96,888	8.5	230,361	20.2
Fidelis IT Solutions Co., Ltd.	2,857	100.0	0	0	2,857	100.0
Taiwan Genome Sciences Inc.	561	19.4	96	3.3	657	22.7
Shin Foong Specialty and Applied Materials Co., Ltd.	50,968	48.0	0	0	50,698	48.0
YFY Paradigm Investment Co., Ltd.	155,550	100.0	0	0	155,550	100.0
San Ying Enterprise Co., Ltd.	2,500	100.0	0	0	2,500	100.0
YFY Global Investment Limited	79,000	100.0	0	0	79,000	100.0
YFY International Limited	363,690	100.0	0	0	363,690	100.0
YFY Japan Co., Ltd.	0.2	100.0	0	0	0.2	100.0
Effion Enertech Co., Ltd.	34,300	49.0	35,700	51.0	70,000	100.0
Chung Hwa Pulp Corp.	627,827	56.9	61,017	5.5	688,844	62.4
YFY Corporate Advisory & Services Co., Ltd.	3,000	100.0	0	0	3,000	100.0
Sustainable Carbohydrate Innovation Co., Ltd.	3,000	100.0	0	0	3,000	100.0

Chapter 4. Fundraising

- I. The Company's Capital and Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares and Mergers (including Mergers, Acquisitions, and Demergers)
- II. Implementation of Capital Allocation Plans

I. The Company's Capital and Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares and Mergers (including Mergers, Acquisitions, and Demergers)

(I). Source of share capital

Unit: NT\$ thousand shares

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Share capital source	Shares acquired by non-cash assets	Others
2011.08	10	2,200,000	22,000,000	1,660,372	16,603,715	Undistributed earnings	-	Jing-Shou-Shang No. 10001196670 dated August 26, 2011

Unit: NT\$ thousand shares

Shareholding type	Authorized capital			Notes Outstanding shares
	Outstanding shares	Unissued shares	Total	
Ordinary shares	1,660,372	539,628	2,200,000	Ordinary shares

(II) Shareholder structure

April 25, 2022

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & natural persons	Total
Head count	6	11	365	112,001	283	112,666
Number of shares	3,696,344	19,635,845	642,151,578	740,553,667	254,334,061	1,660,371,495
Shareholding ratio	0.22%	1.18%	38.68%	44.60%	15.32%	100.00%

(III) Shareholding distribution status

value per share NT\$10 April 25, 2022

Shareholding range	Number of shareholders	Number of shares	Shareholding ratio
1 to 999	58,397	6,670,787	0.40%
1,000 to 5,000	43,609	86,959,919	5.24%
5,001 to 10,000	5,666	43,664,898	2.63%
10,001 to 15,000	1,704	21,193,030	1.28%
15,001 to 20,000	944	17,483,112	1.05%
20,001 to 30,000	772	19,566,068	1.18%
30,001 to 40,000	362	12,835,282	0.77%
40,001 to 50,000	245	11,350,233	0.68%
50,001 to 100,000	425	30,435,533	1.83%
100,001 to 200,000	231	31,999,335	1.93%
200,001 to 400,000	133	37,398,636	2.25%
400,001 to 600,000	46	22,339,773	1.35%
600,001 to 800,000	12	8,332,491	0.50%
800,001 to 1,000,000	14	12,902,289	0.78%
1,000,001 and above	106	1,297,240,109	78.13%
Total	112,666	1,660,371,495	100.00%

(IV) List of major shareholders

April 25, 2022

Name	Shares	Number of shares	Shareholding ratio
S. C. Ho		162,265,028	9.77%
Shin-Yi Foundation		94,004,485	5.66%
Shin-Yi Enterprise Co., Ltd.		77,794,610	4.69%
Hsinex International Corp.		59,890,895	3.61%
Cheng-Ting Ho		46,544,959	2.80%
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc.		46,396,624	2.79%
Mei-Yu Ho		44,514,000	2.68%
Ru Yi Enterprise Co., Ltd.		44,053,664	2.65%
NEW TALENT LIMITED		35,842,000	2.16%
Felix Ho		35,729,953	2.15%

(V). Market price, net asset value, earnings, and dividends per share

Item		Year	2020	2021	Current year up to the print date of this annual report
Market price per share	Highest		30.70	51.80	35.70
	Lowest		10.00	23.20	31.75
	Average		16.06	34.52	33.69
Net asset value per share	Before distribution		27.09	30.84	-
	After distribution		25.59	29.34	-
Earnings per share	Weighted average number of shares (thousand shares)		1,660,372	1,660,372	1,660,372
	Earnings per share		3.14	3.13	-
Dividend per share	Cash dividends		1.5	1.5	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	PE ratio		5.11	11.03	-
	Price dividend ratio		10.71	23.01	-
	Cash dividend yield (%)		9.34	4.35	-

Note 1: PE ratio = Average market closing value per share over the year/earnings per share.

Note 2: Price dividend ratio = Average market closing value per share over the year/Cash dividends per share.

Note 3: Cash dividend yield = Cash dividends per share/Average market closing value per share over the year.

(VI) Dividend policy and implementation:**1. Dividend policy:**

In making its dividend policy, the Company takes into account future capital expenditures and working capital requirements for the upcoming year. Based on this policy, an appropriate percentage of the remaining surplus is retained as needed to support the ongoing business operations, and dividends are distributed in a way that at least 20% is distributed as cash dividends and the remainder as share dividends. However, for the purpose of meeting other capital expenditure requirements, the Company may distribute the aforementioned remaining surplus in the form of share dividends only.

2. Dividend distribution to be proposed to the shareholders' meeting:

With respect to the earnings distribution for 2021, the Company proposes to distribute NT\$2,490,557,243 in cash dividends, the equivalent of NT\$1.5 per share.

(VII) Impact of stock dividends proposed at this shareholders' meeting on business performance and earnings per share: N/A.**(VIII) Remuneration of employees, directors, and independent directors:**

1. Percentages or ranges of remuneration of employees, directors, and independent directors under the Articles of Incorporation:

According to current policies, if the Company sustains profit every year, 0.1% or more of the income shall be set aside as employee remuneration, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Directors' remuneration may be distributed by way of cash dividends, and employees' remuneration may be distributed by way of cash dividends or stock dividends. The Board of Director shall be authorized to define the qualification requirements of employees entitled to receive shares or cash, including the employees of subsidiaries of the Company that meet certain specific requirements. The distribution ratio of directors' remunerations, and the method of distribution and ratio of employees' remunerations shall be resolved by a majority vote at a Board meeting attended by more than two thirds of the directors, and shall be reported at the shareholders' meeting.

Employee and director remunerations are calculated deducting the cumulative losses from the profit for the year (i.e., the profit before employee and director remunerations is deducted from profit before tax).

2. Basis for estimating the amount of remuneration of employees, directors, and independent directors; basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The estimated employee and director remunerations are recognized as expenses at the distributable amounts for the current year according to Articles of Incorporation. Any change in the amounts on the date of resolution by the Board of Directors shall be treated as accounting adjustments and recognized as adjustments for net profit and loss of the year approved by the Board of Directors. If it is decided by the Board of Directors to distribute employee remuneration in the form of shares, the number of shares shall be determined by dividing the approved remuneration by the fair price of the shares. The fair price of the shares will be calculated based on the closing price on the day before the date of the Board meeting.

3. Remuneration proposals approved by the Board of Directors:

(1) Distribution of NT\$5,500,000 in cash as employee remuneration; no stock shares shall be distributed. Directors' remuneration shall be NT\$22,000,000. The amounts listed above are not different from the expense estimates for 2021.

(2) Amount in stock distributed as employee remuneration as a percentage with respect to the after-tax profit in current period's individual financial statement and total employee remuneration: None.

4. Any difference between actual distribution (including number, amount, and price of shares) of employee remuneration and director and independent director remunerations from the previous year and recognized employee remuneration and director and

supervisor remunerations, and the reasons as well as corresponding treatments:

In 2020, the actual remuneration distributed to employees was NT\$5,361,204 in cash and no stock shares were distributed. Director remuneration was NT\$22,000,000. The aforementioned amount did not differ from the amount approved by the Board of Directors.

- (IX) Buyback of treasury stock:** This event did not occur at the Company.
- (X) Issuance of corporate bonds:** The Company does not issue corporate bonds.
- (XI) Issuance of preferred stocks:** The Company does not issue preferred stocks.
- (XII) Issuance of global depositary receipts (GDR):** The Company does not issue global depositary receipts.
- (XIII) Exercise of employee stock option plan (ESOP):** The Company does not provide employee stock option plans.
- (XIV) Restricted stock awards:** The Company does not issue restricted stock awards.
- (XV) Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:**

The Company did not engage in mergers and acquisitions, or issue new share for acquisition of shares of other companies.

II. Utilization of funds

- (I) Plan content:**

The Company has no special plans for utilization of funds.
- (II) Implementation status:** None

Chapter 5. Business overview

- I. Business Scope
- II. Market Outlook
- III. Employee Information in the Last Two Years and Up to the Print Date of the Annual Report
- IV. Environmental protection expenditure information
- V. Employer-employee Relationship
- VI. Information Security Risk Management
- VII. Material Contracts

I. Business Scope

(I) Business scope

1. Key areas of business:
Industry investment holding.
2. Key operations and products of invested companies:
Forest, pulp and paper business group
 - Production, marketing, and distribution of pulp, paper, and paperboards.Containerboard and packaging business group
 - Paperboards for industrial use; production, processing, and marketing of cardboard boxes.Consumer products business group
 - Household paper products; production, marketing, and distribution of cleaning products.Other businesses
 - Production, marketing, and distribution of electronic related products.
 - Production and marketing of chemical products.
3. Revenue breakdown:
 - Manufacturing and trading of paper products account for the largest portion of revenue at approximately 81%.
 - Other items accounted for approximately 19%.
4. New products in development:
 - Special purpose paper.

(II). Industry Overview

Macroeconomic Environment

In 2021, with the increase of vaccine coverage in major countries, the global economy is expected to recover, but it will be affected by the shortage of shipping, logistics and energy supply. However, due to the impact of shipping and logistics, energy supply and other factors, the contribution of economic growth is expected to decline. Therefore, according to the report of the Taiwan Economic Research Institute from the latest forecast released in November 2021, the GDP growth rate in 2022 will be 4.10%.

The COVID-19, inflation, and climate change to the environment are the three major factors affecting the world in 2021 and will continue into 2022. The global economy will rebound rapidly in 2021, but it will still be affected by shipping logistics and energy supply shortages. As vaccine coverage continues to increase in major countries, the economy will face a new wave of challenges in the post-epidemic period, such as rising international inflationary pressures and the reconfiguration of global supply chains. These challenges will also affect Taiwan's economy through trade and financial channels and deserve attention.

Under the current environment status, YFY and its affiliates will be managed by professional management team to focus on operational fundamentals and perform risk management in the supply chain, as well as aligning with the government's adjustment measures. We will demonstrate our utmost actions and continue to stabilize our operations and grow our business.

Main Business Groups' Current Market Condition and Development:

1. Forest , Pulp and Paper Business Group

Current trends and outlook of the industry:

Regarding to the international pulp prices, it has rose from the fourth quarter of 2020 and reach to a peak during May and June 2021. After several months of building a short bottom, in December the upward momentum has shown again. In terms of market demand, strong demand from Europe and the U.S. cannot be met due to the

transportation disruption. For the same reason, resulted the pulp price declined in Asia. On the supply and demand side, raw materials will expected to rise continuously until mid-2022.

In terms of international wood chips, with high energy and freight prices, timber shortage and chaotic shipping schedule, coupled with China's waste ban, the demand for wood chips has expanded. The packaging paper market is also growing due to the development of e-commerce and the severe epidemic. The lack of recycled pulp has led to a rise in demand for virgin pulp, which is the reason for the sharp rise in demand for wood chips. The price of wood chips is expected to continue to rise in 2022

Product competition and development trends:

In recent years, domestic competitors such as Cheng Loong and Taiwan Pulp & Paper Corporation have ceased production of cultural paper one after another, and Chung Hwa Pulp Paper has also transformed some of its production capacity to produce specialty paper, making it necessary to rely on imported cultural paper to supplement the market supply.

In terms of market demand of paper, the demand of stationery and cultural paper keeps declining due to the changes in reading habits, digitalization and reduced birth rate. However, the demand for packaging paper remains stable due to the prosperous development in e-Commerce. The development of other specialty paper is anticipated to be grow along with the development of Industry 4.0 and the AIoT.

Facing the fluctuation of international pulp prices, the Forest, pulp and paper business group supplies the demand for short-fiber pulp within the group, in order to reduce the impact of market price fluctuations on profit and loss; The paper stationery product market will implement flexible production and marketing policies and will continue to expand the trade model of sales, in order to maintain the company's reasonable profits and market share. In addition, the Forest Pulp & Paper business group continues to develop and explore high value-added specialty paper market, food safety paper and special materials to expand diversified applications.

2. Containerboard and Packaging Business Group

Current trends and outlook of the industry:

Paperboards for industrial use and processed paper products are made of imported long-fiber pulp and recycled paper (or recycled paper pulp), which are then processed through pulp dispersion, selection, grinding, molding, and drying. Linerboards and corrugating mediums are processed into cardboard boxes of different specifications and strength based on the needs of corrugated container plants. They are provided for downstream industries (such as electronics, information, food, and textile fiber industries) for packaging. The products include linerboard, white cardboard, corrugated medium, corrugated box, food container, color box, and container.

Product competition and development trends:

In addition to YFY Inc., there are other domestic manufacturers in Taiwan which are Cheng Loong Corp. and Longchen P&P. Those major paper mills including the affiliated plants account for 60% of the total sales in Taiwan, supplying downstream paperboard and containerboard processing plants with paperboards for industrial use. In response to the Taiwanese market demands of small quantity, greater variety and high quality, YFY Inc. will continue to replace old equipment and introduce automated production equipment. By developing differentiated products and continuously offering services of premium quality, we aim to win the trust of customers. With the development of the industrial and commercial economy, environmental problems such as global warming have become more and more serious. In 2021 UN COP26 climate summit agreed on reducing coal use and methane emissions for the very first time, which both the "Kyoto Protocol" in 1997 and the "Paris Agreement" in 2015 had failed to address accordingly. In response to the climate change, carbon reduction and renewable energy developments have become a global consensus. Paper industry is a green industry that recycles and reuses natural resources. Containerboard and Packaging Business Group will pay equal attention to product operation and resources recycling. Starting from self-improvement on the emission standards and working on environment friendly, it will further examine the feasibility of reusing all types of energy in order to fully realize the circular economy.

3. Consumer Products Business Group

Current trends and outlook of the industry:

The consumer products subsidiary mainly engages in production, marketing, and distribution of household paper products and cleaning products. Its current main products include toilet paper, hand towel, paper towel, and other household cleaning products. The Company's supply chain of toilet paper production comprises upstream such as pulp manufacturers and downstream including retailers, distributors, and end consumers. The supply chain of cleaning products comprises upstream ingredient vendors such as orange oil, natural fragrance, etc., and downstream of various retailers, distributors, and end consumers.

Product competition and development trends:

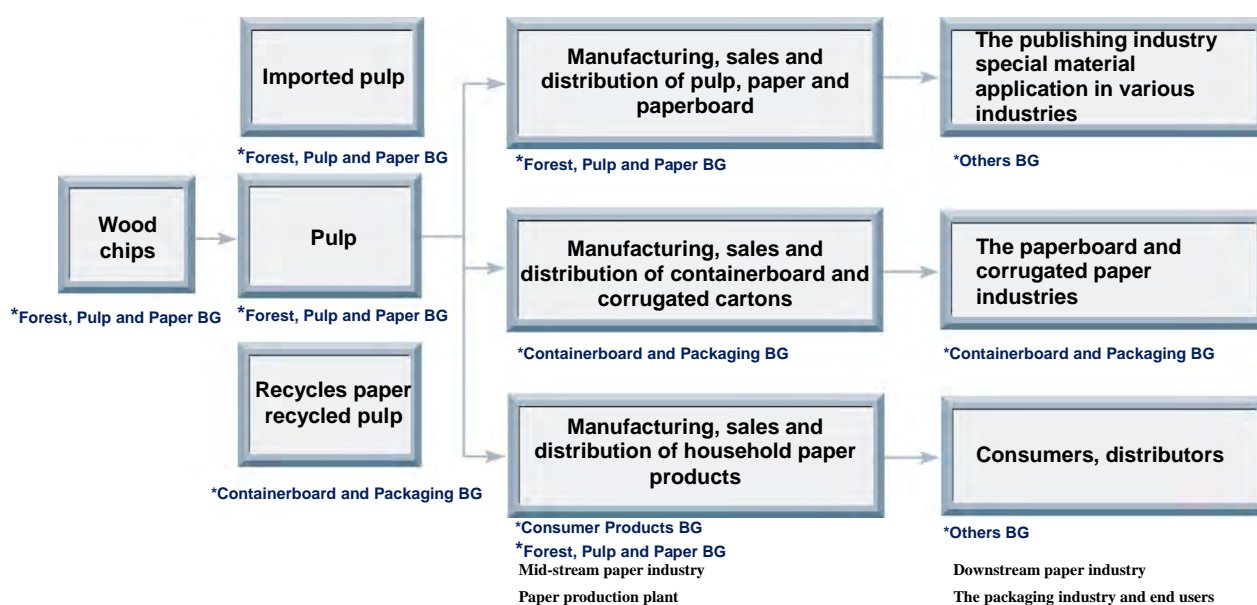
Competition in the household paper market in Taiwan is intense. YFY's brands such as "Mayflower", "Delight", and "Tender" have been leading in market share in Taiwan, and continue to meet the diversified needs of consumers with high-quality innovative products. Kimberly-Clark, Cheng Loong, and Golden Century Paper are main suppliers in Taiwan.

In terms of cleaning products, we continue to launch high-quality products that put consumers' minds at ease. In order to effectively eliminate Covid-19 viruses that left on clothes, we launched the cleaning detergents "Orange House", which was verified by US FDA regulated laboratory, proving that the coronavirus can be washed out in cold water when using the "Orange House" detergents and anti-virus cleaning spray. The products can protect the consumer health. "Orange House" has become a leading brand for natural cleaning products in Taiwan. In addition, we promoted "Fresh Sense" with fashionable office workers as the target consumers. We also adopted a broad marketing strategy for "Delight detergent" and succeeded in positioning the brand in the mid-range cleaning products market. We launched Delight Detergent Pods with deodorizing, mites washing and cleaning functions to explore the market of sports enthusiasts.

Orange House 5-in-1 Laundry Detergent Pod was awarded by 2021 International Innovation Awards to demonstrate our strength in the international market. The Company continues to expand overseas markets and promote main cleaning products to Hong Kong, Vietnam, the Philippines, the mainland China, and the United States.

Innovating and improving from consumer requirements and expectations are our main driver in providing high quality products and letting consumers to experience satisfying usage. We continue to invest in new product development, expiring in health care related under the pandemic, targeting middle-aged individuals, and environmental friendly products fields. Meets different market requirements by developing a series of household, individual, and commercial commodities; strengthen the research and development of high value-added products, operate in the high-end market, deepen the existing channels, master the behavior of next-generation consumers, focus on consumer demand for environmental protection, and follows the global ESG trend. Instill sustainability ideas into innovative products and maintain our leading position in consumer brands.

Relationships with upstream, mid-stream, and downstream companies:



(III). Overview of Technology and R&D

1. R&D investments during the latest year

R&D expenditures was around NT\$607,879 thousand in 2021. Expenditures on other development applications were not included herein.

R&D expenditures up to the publishing date of this annual report in 2022 was NT\$ 151,960 thousand.

2. New launching and application of new technology products

In the face of over-reliance on fossil fuels, energy shortage, environmental pollution, and extreme climate, we are promoting the "Saccharide Economy" with the three major objectives of low carbon, low energy consumption and de-fossil on our investments of pulp and paper, household cleaning products, specialty materials, biopharmaceuticals, AIoT, and other industries. Devoted ourselves to research and innovation in the three major areas of energy, materials and digital. In fiscal 2021, each business will continue to optimize equipment, processes, formulations, and applications, and develop niche and innovative products through value-added technology conversion.

We have replaced plastic packaging with fiber-based packaging materials and developed food safety non-plastic paper cards; replaced plastic coated laminated film with water-based coating to achieve water and oil resistance; and designed products with recyclability to improve the economic efficiency of resource recycling and reduce the impact of petrochemical raw material use on the environment and ecology. We have built the first industrial zero coal-fired SRF boiler in Taiwan to turn the process waste into energy. We continue to strengthen the anaerobic fermentation technology, and through the symbiosis of resource recycling between industries and the symbiosis of biological and industrial cycles, we are moving toward the continuous recycling of resources and the implementation of a circular economy. We also use natural carbon-fixing saccharides as the base material and follow the principles of green chemistry to develop materials and processes that are conducive to resources and environmental sustainability, and use cellulose reforming as a green internal additive special product at the wet end of paper manufacturing to create benefits such as energy-saving milling, positive internal additive retention, and dry and wet paper power enhancement.

The elimination of fossil materials or energy sources will not happen overnight, in order to achieve the purpose of sustainable recycling, we will strive to establish partnerships with domestic and foreign academic or corporate partners in technological innovation, and work together to promote a circular economy.

(IV). Long and short-term business plans:

1. Forest, Pulp and Paper Business Group

Short-term development plans

- (1) Continue to improve the production processes and management to increase our capacity for transformation.
- (2) Reinforce the R&D of niche products and develop alternative products to replace plastic applications to expand the market for environmentally-friendly products.
- (3) Vertically integrate the supply chain and strengthen the cooperative development with the downstream processing plants to increase the overall industry competitiveness.

- (4) Enhance information integration and make use of big data analyses to improve the efficiency in procurement, production, and marketing.
- (5) Provide customers with innovative cash flow and logistics services and consolidate control over the market.

Long-term development plans

- (1) Research and develop environmentally sustainable and high value-added, botanical fiber-based material products and continue promoting innovative applications for pulp and paper.
- (2) Dedicate to the sustainable development of the circular economy and use the R³ (recycle, re-create and reinvent value) to enhance the usage of materials and promote the evolution of product diversity.
- (3) Implement talent cultivation plans and establish a succession team to become a world-class materials producer.

2. Containerboard and Packaging Business Group

Short-term development plans

➤ Industrial Paper

YFY Packaging Inc. continues to improve production efficiency to reduce costs, expand the scale of biogas power generation, to promote the recycling of tailings in the process, to reduce coal consumption, to introduce coal replacement and to raise energy self-sufficiency rate. In order to implement the business philosophy of circular economy, YFY Packing Inc.

- (1) Updating equipment and automating the standard process to improve equipment operational efficiency and quality continuously.
- (2) Optimizing the production procedures and process management to strengthen the market competitiveness of products.
- (3) Stabilizing the quality of the recycled paper procured and improving the reuse rate.
- (4) Continuous development new products and optimize product mix to strengthen the sales forces.
- (5) Integrating the supply chains of industrial paper and corrugated container to take full advantage of vertical integration in order to expand the market share.
- (6) Maximize the benefits of zero coal boilers and reduce coal consumption.
- (7) Optimize the efficiency of renewable energy, biogas power generation, smooth operations of the cogeneration plant with zero coal use, continuously implementing five circular applications including "water, paper, renewable energy, agriculture, and carbon sinks", and creating a circular economy from converting waste into energy

➤ Corrugated Container

Besides the integrated synergy of upstream and downstream integration of paper products to enhance the competitive of our industry, we continue to optimize automation equipment, standardize the manufacturing processes and provide flexibility in the production schedule, and improve the quality of our human capitals to actively grasping the trend of rapid economic growth in Southeast Asia and expanding our investment in Vietnam.

- (1) Expand the operating capacity of our Vietnam paper ware factory in line with the economic growth of

Vietnam.

- (2) Replacing old equipment, improving equipment automation, and pursuing excellence in service quality continuously.
- (3) Continue to expand customer and develop niche customers to grow together with customers.
- (4) Develop green packaging research and application, and fulfill our corporate social responsibility of being environmentally friendly.

Long-term development plans

- (1) Continue to promote reduction of consumption and control unit cost, and pursue gains for both shareholders and employees.
- (2) Optimize and refurbish equipment to reduce unit energy cost, energy use, and carbon emissions.
- (3) Continue promoting the reduction of excess material from production and conversion into resources.
- (4) Respond to shifts in the global supply chain and continue to expand containerboard businesses in Vietnam for new customers.
- (5) Develop automated production and process improvements.
- (6) Recruit and train technical, operational, and business talents, invest in employee training, and cultivate the future management team.

3. Consumer Products Business Group

Short-term development plans

- (1) Expand the growth of cleaning products, and continuously develop high-end products with the commitment of nature and health.
- (2) Strengthen the differentiation of paper products, expand the growth of the high-end market, and develop long-term consumer groups.
- (3) Deepen the growth of core products of EC channels, and combine new microbusiness and general EC to operate Omni-channel to reach consumers.
- (4) Effectively operate YFYCPG membership program to ensure personalized and efficient communication and maintain the brand loyalty.
- (5) Actively carry out the product life cycle combined with the carbon footprint concept from green packaging materials, SRF usage and green energy usage.
- (6) Strengthen the automation of converting lines, AOI and other systems, and improve production efficiency and quality.

Long-term development plans

- (1) Continuously optimize work efficiency and management of organization and cultivate new generation talents based on plans.
- (2) Enhance brand management, invest in the development of innovative products, increase various brand values and product virtues, and deepen high-end market operations.
- (3) Expand the export market and develop strategic partners to create synergies.
- (4) Research and develop low carbon footprint products, continuously reduce carbon emissions in the production process, minimize the impact of environment with suppliers to take social responsibilities, and

become a sustainable global consumer product company.

II. Market Outlook

(I). Market analysis

Based on the statistics from the Taiwan Paper Industry Association, the total production of industrial paper in Taiwan in 2021 will be 4.482 million tons, a 2.8% increase as compared to 2020 were 4.362 million tons. Domestic market sales volume was 4.426 million tons, a 1.2% increase as compared to 2020; the total export volume was 1.391 million tons, an 11.2% decrease as compared to 2020.

Analysis of each business unit's product market is as follows:

1. Forest, Pulp and Paper Business Group

Market overview:

According to statistics of the Taiwan Paper Industry Association in 2021, the annual output of paper and paperboard (paper usage in Taiwan other than household paper and white and gray paper boards), such as those produced by the Forest, pulp and paper business unit, was 1.04 million tons. As the demand for paper for printing and writing and paperboards has gradually declined, the annual output has decreased by 1%. The paper and paperboard sales volume in the domestic market was slightly growth from the previous year. Exports of paper and paperboard was lower than the previous year.

Business overview:

The Forest, pulp and paper business group produced 533 thousand tons of paper and paperboard in 2021, a decrease of 0.4% compared to the same period in the previous year. The total domestic sales volume was 351 thousand tons, equivalent to the previous year. Exports amounted to 270 thousand tons, decreased by 7.4% compared to the previous year. In terms of pulp, the production volume of the business group in 2021 was 364 thousand tons which was a 13.7% declined from the previous year.

Competitive niche and countermeasures:

The Forest, pulp and paper business group focuses on the development of specialty paper products, and gradually plans to transform its production portfolio from cultural paper to industrial specialty materials to supply diversified needs in the packaging, food, and electronics industries. The demand for multi-functional specialty papers in advanced countries and the growing demand in emerging markets will provide a source of vitality for sales growth. Looking ahead to 2022, we will continue to refine the quality of our products, strengthen our control over raw materials and the stability of the supply of imported products. In addition, we will expand the application of our products and enhance our local services. We will also respond to the development of corporate ESG and green supply chain. By means of our 50 years experiences on power generation technology, we will continue to expand investments in renewable energy projects, and plan to strengthen our existing biomass, biogas and solar energy, and develop new generation energy applications. We will actively implement the new circular economy blueprint and become a carbon neutral practitioner.

In the face of changes in the international market and the continued impact of the COVID-19, and in response to the global trend of plastic restriction and growing demand for food safety paper after the epidemic, the Forest, pulp and paper business group continues to promote non-plastic food paper that does not contain plastic laminate and can be 100% recycled directly. In addition, the business group's Guanyin plant will begin operations in July 2021, and the new production line at the Hualien plant will open in August 2021. We will continue to strengthen the layout of non-plastic food safety paper and paper straws, take advantage of pulp production to produce fully recycled end products, and make recycling economy the core of our development.

2. Containerboard and Packaging Business Group

Market conditions:

According to statistics from the Taiwan Paper Industry Association, the total production of industrial paper in Taiwan in 2021 will be 3.676 million tons, a 3.4% increase as compared to 2020. Domestic market sales volume was 3.051million tons, a 10.2% increase as compared to 2020; the total export volume was 1.16 million tons, 13.3% decrease as compared to 2020.

The pandemic continues to fluctuate and the regional pandemic causes the disruption to the economic activities. The resumption of the trading marketing has resulted in shipping disruptions, transportation price spikes, the imbalance in the global supply chain which has led to high prices of raw materials and energy, as well as the rising prices caused the continued inflation. The market is full of uncontrollable variables, challenging the ability of companies to operate in a volatile environment.

Business overview:

At a time of market uncertainties in 2021, the Containerboard and Packaging Business Group kept operational growth at a steady pace by the strict cost control through improving production equipment efficiency, adjusting product structure and sales channels, and holding on to customers' demands. The industrial paper and downstream processed paper products in Taiwan have deepened the upstream and downstream integration. The overall pre-tax net profit in Taiwan has increased compared with the previous year. In addition to strive for the profitability, the zero coal boiler started to operate at the beginning of 2021 and took the goal further with recycling the solid waste for carbon reduction. Phase 2 of biogas power generation was also completed and put into use in 2021, further realizing the circular economy of environmental protection by reusing process drainage, and fulfilling corporate environment-friendly responsibility.

The business group deeply engages in the manufacturing of industrial paper in Yangzhou, China. Following China's ban on waste paper, the quota for imported waste paper were officially reset to zero from 2021. The supply and demand of domestic waste paper are unbalanced, which has resulted in the high cost of related raw and auxiliary materials. In addition, the shutdown caused by the dual control of energy and consumption policies and regional pandemic closures affected the operation of the factory area. As a result, the production and sales of industrial paper in China has decreased as compared with the previous year. Due to various efforts made such as optimizing the product mix and continuing to develop niche customers, the output and sales of processed paper

products increased 6% compared with the previous year. With the rapid changes of policies in China, YFY Packaging Inc. will continue to improve equipment availability and strictly control inventory, credit and cash flow in reducing operational risks.

Vietnam Corrugated Container faced the impact of the pandemic, regional closures, and local production policies in 2021, which resulted in production capacity reductions. However, it could still respond appropriately to meet the delivery, service needs of customers, and continue to focus on accelerating the development of international brand customers. During 2021, production and sales volume of processed paper products in Vietnam increased by more than 10% compared with the previous year. Subsequently, relying on the advantages of massive market and tariffs, it will seize the growth opportunities deriving from the transfer of the supply chains as well as continuously expanding the operation scale in Vietnam.

Competitive niche and countermeasures:

Prospects for 2022, with the increase in the coverage of the COVID-19 vaccine, the global economy has gradually recovered. However, the impact of shipping logistics, energy supply and supply chains disorder will challenge the ability of industrial paper plants in scheduling material sources and controlling costs. From the perspective of long-term demand, the rapid development of e-commerce and the prevalence of global online shopping, the demand for product packaging for logistics and distribution continues to drive the growth of industrial paper. Therefore, the future development of the containerboard and packaging market is still highly promising.

The Containerboard and Packaging Business Group carefully responds to market fluctuations, by integrating the resources of the group, strengthening the integration of upstream and downstream strategies, grasping the opportunities of market changes, and elevating the overall business competitiveness. In addition, continuing to choose opportunities to invest in production equipment, to promote renewable energy, to conserve energy, to reduce coal consumption and carbon emission, and to construct the environmental protection equipment is to demand ourselves to become Taiwan's "circular economy" model.

3. Consumer Products Business Group

Market conditions:

Based on statistics by the Taiwan Paper Industry Association, the total production of household paper in Taiwan was 299 thousand tons in 2021, which has decreased 2.7% as compared to 2020; the import was 112 thousand tons which has decreased 12.5% from the previous year. In terms of sales volume, the domestic consumption was 385 thousand tons, which decreased by 4.7% as compared to 2020; Exports were 29 thousand tons, decreased by 7.6%.

Business overview:

In 2021, the household paper production of the consumer product business unit was 139 thousand tons, which has declined 8.1% as compared to 2020. The domestic sales of household product was 85 thousand tons in 2021, which has growth 4.7% as compared to 2020. It was mainly because the change of consumer habits

during the epidemic in Taiwan and sales increase in high-end products favored by consumer preferences. However, exports were 92 thousand tons, declined by 21.4% from the previous year. The main reason was the impact of supply chain disruption and port congestion resulted from the epidemic.

The household paper product market is highly competitive in Taiwan. As a leading brand, the management team continued to launch the high-end paper product “Mayflower Thick Toilet paper” in ultimate comfort series which met the diversified needs of consumers and successfully increased the market share in the high-end market. In terms of cleaning products, anti-virus detergent and anti-virus sprays launched by "Orange House" created high user satisfaction rate and outstanding sales performance during the epidemic.

The business group is committed to sustainable development and successfully listed in September 2021. Not only the company image has been greatly enhanced but also positively recognized by the investing public. The management team upholds the commitment to consumers: to provide better life experiences, to develop more products that meet the consumer needs with innovative technologies, and to continue to expand market share.

Competitive niche and countermeasures:

Looking forward to the market in 2022, the consumer products subsidiary will stand firm to improve the tissue paper businesses, accelerate expansion of cleaning products, and develop innovative products. We shall continuously leverage brand advantages to provide consumers with personalized experience and innovative products of value as we strive for creativity and stable growth. Optimizing the products and production and sales structure, enhancing the organization structure, developing green products, and reducing carbon emissions in the production process. Increasing the sales of non-paper products by utilizing comprehensive distribution and channel marketing and expand sales in domestic and foreign markets. Improving adaptability to change and elevate business performance. From the post-epidemic economy, stay-at-home economy and green economy, we will continue to expand new business opportunities and achieve record sales and profitability.

(II). Application and production of key products

Forest, pulp and paper business group

- Pulp: Suitable tree species are used based on the paper plant subsidiary will stand firm to improve the tissue paper businesses, accelerate expansion of cleaning products, and development.
- Paper products: The main raw material is pulp; different types of paper are produced by going through a series of processing steps including pulp dispersion, blending, cleaning, shaping, dehydration, drying, and coiling. High-quality printing paper (e.g., coated paper and simile paper) is made by coating and calendaring the surface, which is suitable for premium quality text and color printing; and special papers (e.g., glassine paper and masking paper) are suitable for various types of industrial use.

Containerboard and Packaging business group

- Paper for Industrial Use: The main raw material used is recycled paper, which goes through a series of steps including pulp dispersion, debris removal, washing and selection, deinking, cleaning, grinding, mixing, molding, and drying to become the raw material for different types of corrugated fiberboards and boxes.
- Corrugated Fiberboard Boxes: Cardboard boxes are made of linerboard and corrugating medium by putting them through corrugators (pressing, fitting, lining, and cutting) and printer/cutter machines

(printing, grooving, and fitting). Cardboard boxes are used as packaging for various products.

Consumer products business group

- Household paper products: The main raw material used is pure wood pulp; different types of daily-use consumer products are produced by going through a series of steps including pulp dispersion, blending, cleaning, molding, dehydration, drying, and coiling. These products include: toilet paper, tissue, hand wipes, paper towels, and other household paper products.

(III). Supply status of primary raw materials

Departments	Product (Service)			Key raw material(s)		
	Name	Primary market(s)	Distribution method	Name	Main source(s)	Supply
Paper making	Paper	Taiwan and Asia	Distributors and direct marketing	Diverse types of paper making fibers	Imported from foreign countries	1.The impact of the covid-19 epidemic, factories in various countries are short of workers and reduce production. 2.Shipping shortage of seafarers, port shortage of labors, and shortage of drivers. Also, the shortage of containers and vessel space in the port of Seaport, which we are striving to maintain a stable supply.

(IV). List of clients who accounted for at least 10% of total sales and procurement in any of the last two years and corresponding amounts and percentages

1. Major suppliers in last two years

No supplier has accounted more than 10% of the total procurement in the last two years.

2. Major sales clients in last two years:

No client has accounted for more than 10% of the total sales in the last two years.

(V) Output volume and value for the last two years

Unit: NT\$ thousand ; tons

Volume/ Value		Production / Year	2020		2021	
			Volume	Value	Volume	Value
Main business groups						
Forest, pulp and paper business group	Pulp		320,202	4,564,051	364,218	6,649,377
	Paper		391,362	11,401,874	395,713	12,533,111
	Paperboards		143,416	2,641,644	136,838	2,984,489
Containerboard and packaging business group	Paperboards		940,811	13,274,100	881,392	14,932,420
	Processed paper		945,161	21,021,214	1,003,477	23,793,841
Consumer products business group	Paper		150,965	7,325,709	138,723	6,851,092
	Cleaning products		6,427	233,486	6,285	289,303

(VI). Sales in last two years

Unit: NT\$ thousand ; tons

Sales / Year Volume Value Main business units		2020				2021			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Forest, pulp and paper business group	Pulp	78,872	1,150,832	74,430	1,034,287	92,576	1,768,812	121,635	2,141,944
	Paper	191,349	5,144,124	232,076	7,191,893	188,644	5,390,574	233,376	7,975,738
	Paperboards	159,478	3,042,294	59,063	983,113	162,441	3,510,386	36,181	821,650
Containerboard and packaging business group	Paperboards	214,249	3,088,131	701,533	9,687,624	267,303	4,344,339	589,524	10,319,028
	Processed paper	330,214	7,459,514	659,459	14,330,774	338,367	8,950,377	717,461	1,6011,806
Consumer products business group	Paper	81,490	4,907,977	116,917	3,985,769	85,335	5,129,820	91,911	3,432,099
	Cleaning Products	6,037	561,723	317	29,399	5,967	564,141	299	30,571
	Others	-	662,558	-	312	-	733,053	-	669

III. Employee information in the last two years and up to the print date of this annual report

(I) Employee information in the last two years and up to the print date of this annual report:

Year		2020	2021	Current year up to the print date of this annual report
Number of employees	General personnel	5,368	5,896	5,783
	Technicians	6,089	6,072	6,343
	Total	11,457	11,968	12,126
Average age		38.70	38.89	39.06
Average years of service		8.94	8.95	8.90
Academic qualifications	Master's degree or higher	5.09%	5.11%	4.62%
	University/College	40.16%	42.71%	39.49%
	Senior high school and below	54.75%	52.18%	55.89%

(II) Authority-designated certification by employees whose jobs are related to transparency and disclosure of financial information:

Certifications	Finance and accounting	Auditing
CPA of ROC	14	0
CPA of USA	6	0
Certified internal auditor (CIA) organized by Institute of Internal Auditors	0	10

IV. Environmental protection expenditures

(I). Losses arising as a result of environmental pollution in the recent year up until the publishing date of this annual report; quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated.

To mitigate our impact on the environment, in 2022 we plan to invest about NT\$220 million in environmental protection, including energy conservation & carbon reduction, energy transformation, green products, etc.

YFY had completed improvements of all regarding faults pointed out by the competent authority. In order to minimize and prevent environmental impact, we planned to improve the stability of existing equipment operation and optimize the environmental prevention measures in accordance with all relevant regulations, and enhanced the law and regulations training for onsite personnel. As of the publishing date of this annual report, the table below summarizes our losses and corresponding response actions.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 20, Paragraph 1 of the Air Pollution Control Act Content: Public and private premises with stationary pollution sources that emit air pollutants shall comply with emission standards.	The total fine was NT\$ 3,060 thousand	2021. 3.5	20-110-030002	Improvements were completed and we have submitted related application documents and the improvement plan, and obtained the competent authority's approval of the documents and report for reference.
		2021. 7.14	20-110-070007	
		2022. 1.21	20-111-010002	
		2022. 1.22	20-111-01003	
Article: Article 44, Paragraph 1 of the Air Pollution Control Act Content: Motor vehicles shall undergo regular air pollutant emission testing. The owner of a motor vehicle for which testing reveals a failure to comply with the emission standards in Article 36 (2) shall make repairs and apply for retesting within one month after the date of testing.	The total fine was NT\$ 0.5 thousand	2021. 8.17	21-110-080556	Improvements were completed and we have submitted related application documents and the improvement plan, and obtained the competent authority's approval of the documents and report for reference.
Article: Article 18 of the Atmospheric Pollution Prevention and Control Law of the People's Republic of China Content: When building projects that have an impact on atmospheric environment, enterprises, public institutions, and other business entities shall conduct environmental impact assessments and publish the environmental impact assessment documents according to the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.	The total fine was RMB 599 thousand	2021.09.02	Zhao-Huan-Ning-Fa (2021) No.18	Improvements were completed in accordance with the requirements of the environmental protection department.
		2022. 04.02	Zhao-Huan-Ning-Fa (2022) No.1	We have submitted application documents for the change and we are waiting for the review and approval of the competent authority.
Article: Article 7, Paragraph 1 of the Water Pollution Control Act Content: Those enterprises, sewage systems or building sewage treatment facilities that discharge wastewater or sewage into surface water bodies shall comply with effluent standards.	The total fine was NT\$ 864 thousand	2021. 9.28	30-110-090003	Improvements were completed and we have submitted related application documents and the improvement plan, and obtained the competent authority's approval of the documents and report for reference.
		2021. 12.14	30-110-120001	
Article: Article 14, Paragraph 1 of the Water Pollution Control Act Content: Those enterprises that discharge wastewater or sewage into surface water bodies shall apply to the special municipality, county or city competent authority for discharge permit or simple discharge permit document and shall obey the items registered on the document while discharging. The enterprises shall not change the items unless they have the permission from the special municipality, county or city competent authority.	The total fine was NT\$ 72 thousand	2021. 8.31	30-110-080047	We enhance onsite personnel's awareness and compliance with the laws and regulations.
Article: Article 18, Paragraph 1 of the Water Pollution Control Act Content: Enterprises shall adopt water pollution control measures; the central competent authority in consultation with the relevant industry competent authorities shall determine management	The total fine was NT\$ 55.5 thousand	2021. 11.12	30-110-110032	We strengthen the drill of emergency response measures, and increase monitoring node.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
regulations for the applicable targets, scope, conditions, necessary facilities, specifications, installation, operation, monitoring, recordkeeping, time limit in years for the preservation of monitoring data, preventive management, emergency response, the collection, treatment and discharge of wastewater and sewage, and other binding matters for water pollution control measures.		2022.01.21	30-111-010020	Improvements were completed and we have strengthened self-test, and confirmed in time with equipment manufacturers of the process and renovation regarding equipment monitoring and transmission.
Article: The Article 19, Paragraph 1 of the Employment Management Regulations of Dedicated Wastewater Treatment Units or Personnel, Article 21, Paragraph 2 of the Water Pollution Control Act Content: When there are changes to the setting content of the units or personnel in the previous paragraph, the person in charge shall apply for change through the original application authority within 15 days after the event has occurred.	The total fine was NT\$ 10 thousand	2021. 7.21	30-110-070001	We had completed the declarations.
Article: Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act Enforcement Rules Content: Enterprises of a certain scale that are designated and officially announced by the central competent authority shall submit an industrial waste disposal plan to the special municipality, county or city competent authority, or the organization commissioned by the central competent authority for review and approval before beginning operations. This regulation shall also apply to the modification of matters related to the production and disposal of industrial waste.	The total fine was NT\$ 12 thousand	2021. 6.16	40-110-060001	Improvements were completed and we have submitted related application documents and the improvement plan, and obtained the competent authority's approval of the documents and report for reference.
		2021. 10.14	40-110-100001	
Article: The Article 40, Paragraph 1 of the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes Content: An entity that produces industrial solid wastes shall utilize industrial solid wastes based on economic and technical conditions; and for industrial solid wastes temporarily not utilized or not susceptible to utilization, the entity that produces industrial solid wastes shall build storage facilities and sites as required by the ecology and environment and other departments of the State Council and perform safe and classification-based storage, or take measures for harmless treatment. For the storage of industrial solid wastes, protective measures that meet national environmental protection standards shall be adopted.	The total fine was RMB 100 thousand	2021.08.20	Zhao-Huan-Ning-Fa (2021) No.12	Improvements were completed in accordance with the requirements of the environmental protection department.
Article: The Article 29, Paragraph 1 of the Management Regulations for the Import and Export of Industrial Waste , The Article 38, Paragraph 3 of the Waste Disposal Act Content: Those having applied for and received permission in accordance with these Regulations shall perform waste import or export in accordance with the content of its approved application and permit document, and may not engage in any unauthorized matters. The management regulations for the qualifications of the applicant, documents, review, permission, permission deadlines, cancellation and other binding matters for import, export, transit and transshipment of the industrial waste in the foregoing 2 paragraphs shall be determined by the central competent authority.	The total fine was NT\$ 60 thousand	2021. 8.31	40-110-080063	We enhance onsite personnel's awareness and compliance with the laws and regulations.
Article: Article 9, Paragraph 2, Article 59, Paragraph 3 of the Toxic and Concerned Chemical Substances Control Act, Article 4, Paragraph 1, Article 4, Paragraph 3 of the Regulations for Operational Records and Pollution Release Reporting of the Toxic Chemical Substances Content: The central competent authority shall determine implementation procedures governing the production, format, and preservation of the records in Paragraph 1, the content, frequency, and method of reports, and other binding matters. (Operators of toxic chemical substances shall complete the operation records for the month prior to the declaration before the 10th of each month. If there is no change in the amount of toxic and chemical substances of concern, the declaration shall still be made in accordance with the provisions of the preceding two paragraphs.)	The total fine was NT\$ 66 thousand	2021. 3.10	34-110-030001	Improvements were completed and we have submitted related application documents and the improvement plan, and obtained the competent authority's approval of the documents and report for reference.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures

Note: As of the publication date, we had lodged an appeal of penalty number: 20-111-010014 (violation of Article 20, Paragraph 1 of the Air Pollution Control Act), and the amount of loss cannot be estimated for the time being.

(II). Environmental sustainability

1. Greenhouse gas emissions, water consumption, and the total weight of waste in the last two years:

Item ^{Note1}	Category	2020	2021
Greenhouse gas emissions ^{Note2,3} (Unit: t-CO ₂ e)	Scope 1	1,393,243	1,378,041
	Scope 2	250,756	296,753
	Total	1,643,999	1,674,794
Weight of waste ^{Note4} (Unit: tons)	Total	259,303	265,102
Water consumption ^{Note5} (Unit: cubic meter)	groundwater	32,841,096	31,886,348
	tap water	50,934	55,572
	recycled water	991,139	1,727,759
	Total	33,883,169	33,669,679

Note1: The scope of above data only covers plant operations in Taiwan, which include YFY Packaging Taiwan (Xinwu, Taoyuan, Zhunan, Pek Crown, Changhua, Kaohsiung), CHP Taiwan (Hualien, Taitung, Jiutang) and YFY Consumer Products Taiwan (Qingshui, Yangmei, Ever Growing).

Note2: The company calculates Scope 1 and Scope 2 greenhouse gas emissions in accordance with the coefficients and methods provided by the Industrial Development Bureau of the Ministry of Economic Affairs, and uses the GWP values from the IPCC 2013 AR5 in accordance with the ISO14064 and GHG Protocol.

Note3: The results of GHG emissions are verified by a third-party before being disclosed in YFY's official ESG website, and are regularly updated in a timely manner.

Note4: The hazardous waste produced in 2021 was 9.41 tons, accounting for less than 0.003% of the total waste, based on the classification of solid waste (incl. reuse) provided by Taiwan Environmental Protection Administration. The waste is handled by authorized subcontractor and detailed record has been reported according to regulations.

Note5: The main sources of water used by the company include groundwater, tap water and recycled water. The operations of water metering are handled in accordance with relevant regulations of the Water Act, Water Supply Act and Water Pollution Control Measures and Test Reporting Management Regulations.

2. The subsidiaries in Taiwan jointly formulated multiple measures for energy conservation and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption or other waste reduction policies, out of which key measures in 2021 are listed below:

- Use of renewable fuel and natural gas to replace coal and fuel oil in boilers.
- Replacement of old and energy-consuming machinery in the production process with energy-efficient and energy-saving air compressors and pumps.
- Recycling of residual heat and wastewater
- Participate in the demand response load management measures of Taiwan Power Company to actively reduce electricity consumption.
- Continue to introduce and promote the carbon accounting, ISO 50001 Energy Management System, and ISO14001 Environmental Management System

3. The effectiveness of YFY's energy-saving measures described above is estimated as below:

Energy conservation item	2019	2020	2021
Annual energy conservation (thousand kWh)	12,279	12,751	13,826
GHG emission reduction associated with reduction in energy consumption* (t-CO ₂ e)	6,545	7,248	6,910

*The carbon emissions in Taiwan were calculated based on the electricity carbon emission coefficient provided by the Bureau of Energy, Ministry of Economic Affairs for 2020: 0.502kg CO₂e/kWh. The emissions in China were calculated based on the coefficient specified by the local power grid: 0.7~0.8kg CO₂e/kWh.

4. Acquisition of environmental management certification by the Company

The Company's main production units are equipped with ISO14001-certified environmental management systems. The systems are regularly verified by external verification units such as DNV, SGS, BSI, and the Bureau of Standards, Metrology & Inspection, Ministry of Economic Affairs. Internal and external auditing are conducted regularly to maintain system validity and improve the effectiveness of environmental protection. Valid system certificates are kept in each production unit, and are disclosed in our official ESG website and sustainability report.

In addition to ISO14001, environmental protection certifications for product and material are also obtained in an effort to work with our upstream suppliers and downstream consumers to protect the environment. These certifications include the Forest Stewardship Council- Chain of Custody (FSC-CoC), Programme for the Endorsement of Forest Certification- Chain of Custody (PEFC-CoC), ISO50001, and product carbon footprint. In addition, we also obtained the international BS 8001 Circular Economy certification for material and resource cycles in the paper-making process and we were the first in the global paper industry to receive the certification.

V. Labor Relationship

(I) Present status of labor relationship

1. Employee benefits

- Chinese New Year bonus, Workers' Day, and birthday gifts
- Subsidies for weddings, funerals, child birth, hospitalization, disability
- Scholarships for employees' children, on-the-job training allowance
- Preschool educational books for employees and free subscription to monthly publications and magazines
- Retirement allowance besides pensions
- Business trip allowance
- Employee of the year and senior awards
- Group insurance for employees and their dependents
- Medical rooms in plants to ensure the occupational safety and health of employees
- Regularly provide employee health checks and check items that are better than the Labor Health Protection Regulations

Leisure activities for employees

- Employee club activities
- Employee birthday celebrations, sports competition, and travel activities
- Recreational facilities and audio-visual entertainment equipment in plants

2. Retirement plan

YFY Inc. enacted the Labor Retirement Regulations and established the Supervisory Committee of Workers' Pension Reserve Funds to take care of employees' life after retirement. We allocate reserve funds for the old pension system to a special account in the Bank of Taiwan based on actuary calculation results each year to protect labor rights.

The Company also adopted the Labor Pension Act (new labor pension system) on July 1, 2005 and allocate an amount equivalent to 6% of the respective workers' wage range to the employees' individual pension accounts. For those that voluntarily pays additional pension, YFY deducts amounts based on the voluntary appropriation rate from the salary to the dedicated personal pension account at the Bureau of Labor Insurance. The contents of the YFY's Labor Retirement Regulations are as follows:

• Criteria for voluntary retirement:

- (1) Employees who are over 55 years old and have served in the Company for more than 15 years, including services in the Company's affiliated enterprises.
- (2) Employees who have served in the Company for more than 25 years, including services in the Company's affiliated enterprises.
- (3) Employees who are over 60 years old and have served in the Company for more than 10 years, including services in the Company's affiliated enterprises.

• Criteria for compulsory retirement:

The Company shall not force the employee to retire unless any of the following situations has occurred:

- (1) Where the employee over 65 years old.
- (2) Where the employee is mentally incapable or physically disabled and cannot continue to work.

The mental incapacity or physical disability specified in the preceding paragraph shall be determined by the level 1 to level 6 disabilities of Labor Insurance. An additional 20% on top of the amount calculated according to Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act shall be given to workers forced to retire due to disability incurred from the execution of their duties.

• Calculation of the years of service and pension:

(1) Employees' years of service shall be calculated starting from the date of employment and the years of service before and after the implementation of the Labor Standards Act and the years of service after the implementation of the Labor Pension Act shall be combined for calculation. The duration shall be based on the years of actual continuous service in this Company.

(2) The years of service of employees assigned to affiliated enterprises to provide services or transferred from affiliated enterprises to the Company to provide services shall be combined for calculation.

(3) Where an employee is employed by the Company and an affiliated enterprise and applies for retirement in accordance with regulations, the total pension payment amount shall be calculated based on the ratio of the number of months served in each company and paid by the companies.

· **Status of YFY's appropriation of labor pension reserve in 2021**

(1) Appropriation of the year: NT\$60,000 thousand.

(2) Balance amount of assets at the end of the year: NT\$443,534 thousand.

3. Labor-management communications

YFY regularly convenes Labor-management meetings to communicate and coordinate with employees, and subsequently adjusts measures according to the consensus of both parties.

(II) Losses due to labor disputes in last year and up to the print date for this annual report

Unit: NT\$ thousand

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 32, Paragraph 2 of the Labor Standards Law Content: Extending the working hours of workers beyond 12 hours in a day or 46 hours in a month.	The total fine was NT\$ 20 thousand.	2021/12/20	1100263302	For special conditions, we will coordinate with colleagues to rotate out of work to comply with regulations.
Article: Article 34, Paragraph 2 of the Labor Standards Law Content: Day and night shift system change work shift without giving a rest period continually according to regulations	The total fine was NT\$ 150 thousand.	2021/7/9	1100132388B	In response to special circumstances, colleagues will be coordinated to take turns to work and adjust the way of changing shifts to avoid the situation of insufficient rest time for colleagues due to changing shifts.
Article: Article 32, Paragraph 2 of the Labor Standards Law Content: Extending the working hours of workers beyond 12 hours in a day or 46 hours in a month.	The total fine was NT\$ 200 thousand.	2021/7/9	1100132388A	For special conditions, we will coordinate with colleagues to rotate out of work to comply with regulations.

(III) Continuing education and training for employees

YFY holds talent strategic development consensus meetings with executives, amends training development rules, and conducts assessments of employee competency at all levels to sustain the development of the Company and overcome any market and industry challenges. Systematic and continuous talent cultivation programs are provided to encourage employees to maximize their potential and improve their performance. Meanwhile, diversified learning resources are made available to employees (e.g., orientation training, management training, professional training, and general training) to encourage self-enhancement among employees.

Cultivation of high-level potential talents:

In order to continuously ensure the competitiveness of the organization, continue to carry out the high-level talent reserve project. The project content includes:

1. Define talent profile: define high-level success models based on organizational development strategies
2. Identify high potential talents: Use international professional evaluation tools to select potential talents and analyze potential
3. Focus on the development path: set up a development plan for potential talents
4. Sustainable development of talents: The Mentor Program is operated by internal and external senior managers and consultants to provide regular guidance and track development status. A stage for corresponding functional training and practical experience according to the development stage

Diverse learning environment:

1. Orientation training: Aims to assist new employees to know their way around the workplace and understand the Company's vision, organizational structure, rules, and the operating status of each functional and business units.
2. Management training: Aims to strengthen the organization's management performance, and foster and improve supervisors' leadership and strategic thinking capabilities.
3. Professional training: Aims to enhance work-related skills of departmental professionals.
4. General training: Aims to foster employees' knowledge and skills required for independent operations, workplace communication, and job management to support the Company's future business development requirements and achieve long-term business goals.

The focus of education and training outcomes in 2021 is as below:

Course type	No. of classes	Total number of people	Total hours	Total costs (thousand NT\$)
Professional competency	2,872	34,569	88,666	5,308,521
Management and general knowledge	1,009	28,153	83,161	4,066,674
Cultural cultivation for new recruits	628	4,107	21,680	67,759
On-the-job continuing education	328	10	1,011	321,555

(IV) Employee code of conduct or ethics

The Company's Work Rules provide a service guideline and clear work principles for employee compliance. To more effectively protect the Company's trade secrets, operating profits, and competitive edge in response to the amendment made to the Trade Secrets Act in 2013, the Company has prescribed Integrity and Confidentiality of Intellectual Property Agreement as a mandatory document for registration of new recruits.

YFY promulgated the *YFY Employee Code of Conduct* in May 2016. Employees' behavior must comply this Code of Conduct when performing daily tasks and operations: Employees must take the initiative to avoid improper benefits, perform their duties properly, and effectively utilize Company resources and public properties during work. The *Employee Code of Conduct* prescribes reporting channels

and investigation procedures. Regular education and training programs are provided to raise employees' awareness towards ethical conduct.

The Ethical Corporate Management Operating Procedures and Code of Conduct were promulgated in December 2018 in accordance with the Company's Ethical Corporate Management Guidelines and TWSE's Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies. The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency. The Ethical Corporate Management Operating Procedures and Code of Conduct were established to implement the ethical corporate management policy, actively prevent unethical conduct and conflicts of interest, establish whistleblowing channels, and regulate the conduct of relevant personnel.

The *YFY Employee Code of Conduct* was reviewed and amended in December 2021. Further emphasize employees' concept of company asset protection to avoid damage to company interests, and emphasize the precautions for employees' transaction processes with external manufacturers, and when employees use public community platforms, any text should pay attention to their own roles to avoid affecting the company's image and other norms. And in January 2022, it was announced that the "*YFY Employee Code of Conduct*" was included in the compulsory courses for new employees, which must be completed during the probationary assessment period. Through regular education and training, to ensure that colleagues implement the company's core values, maintain a high degree of professional ethics, so that colleagues in daily work and business, to comply with the company's employee behavior standards, maintain the company's reputation, and gain customers, manufacturers and other people from all walks of life respect and trust.

(V) Employee safety and health

The Company is responsible for and obligated to protect the health and safety of its employees. In addition to the OHSAS 18001 certification for occupational safety and health, YFY plants have declared their determination to promote employee safety and the vision to create a corporate safety culture.

The following active measures were adopted to ensure employee health and safety:

1. Responsibilities of different levels of responsible units: The first level is the Occupational Safety and Health Taskforce. A professional in occupational safety and health and healthcare personnel are responsible for cross-unit coordination. The second level is occupational safety and health supervisor appointed by each subsidiary who is responsible for developing safety and health work rules for YFY plants, and acts as the counselor, supervisor, and auditor of safety and health measures. The third level comprises the occupational safety teams of plants of all levels. The team is directly responsible for the promotion, execution, and on-site management of occupational safety related works.
2. Safe operations promotion: Through safety education and labor safety systems, the safety management functions of managers of all levels are reinforced to gradually establish a coherent set of safety values and standards, and build a consensus to promote safe operations.
3. Operation standardization: Standard operating procedures and work safety analysis are implemented for various operations.
4. Employee health management: Regular employee physical checkups are held and exceed

requirements of the Labor Health Protection Regulations. Health promotion programs for employees are developed according to health checkup results.

5. Employee safety training: Employees and contractors must receive safety training upon entering the Company and during reassignments. Departments hold ad hoc work safety training and education seminars to increase collective safety awareness.
6. Accident reporting and investigation: Any work accident at any of the plants must be reported to the person in charge of the occupational safety and health of a subsidiary within 24 hours, and an investigation for cause and improvement must take place within one week. Meanwhile, all employees are informed of the incident to prevent it from repeating.
7. Work safety reviews and disaster drills: In addition to regular disaster drills and monthly occupational safety and health management meetings of plants, equipment safety inspections are reinforced to actively improve the workplace and safety measures.

VI. Information Security Risk Management

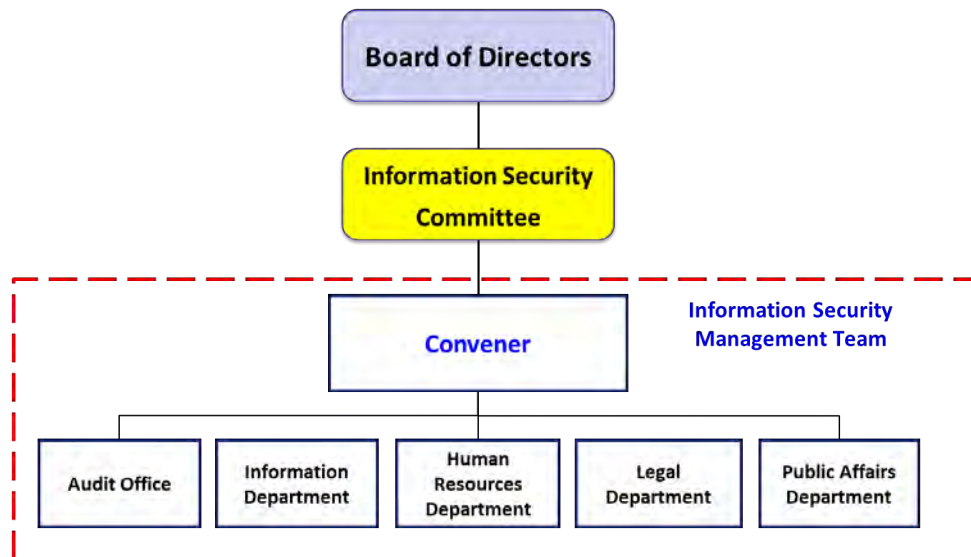
(I) Information security

With the rapid change in technology and the popularity of Internet usage, businesses and individuals are facing serious information security risks and challenges. For YFY, information security management requires a combination of "hardware and software": equipment, technology (hardware), and personnel security awareness (software) are significant. Through a dedicated information security management platform and team, the entire conglomerate is able to make the best use of resources, and to utilize as management, while keep upgrading information security network equipment and mechanisms in an appropriate and centralized manner. In order to keep the information security protection up-to-date. Overall, we will continuously striving the awareness of information security risks among our staffs to strengthen the various lines of defense of information security.

Information Security Framework and Policies are as follows:

1. Information Security Risk Management Framework

The Company's information security risk strategy focuses on the use of technology and information security governance. Information security risk management is carried out through an information professional management and technology service platform to ensure the division of professional authority and responsibility, technical support and clear control mechanisms for the Company and each group company, It is proposed to establish a dedicated management promotion organization for information and communications security (organization name: Information Security Committee) in 2022. The organization will have a Chief Information Security Officer who will lead the organization, allocate appropriate human, material and financial resources under the organization, and assign appropriate personnel as the Chief Information Security Officer and a number of specialized information security personnel to be responsible for promoting, coordinating, supervising and reviewing information and communications security management issues, The Organization shall regularly review its information security policies and objectives, propose specific implementation management plans and report the results to the Board of Directors on a regular basis, evaluate and screen possible risks, and plan accordingly.



Note:

1. Convener: The company shall designate a vice president or senior executive level to oversee the promotion of information security policies and resource allocation.
2. Members: Assigned by the authority of each functional department of the company.

2. Information Security Policy and Management Program

The Company's information security policy focuses on the use of technology and information security governance through the interaction and checks and balances between people and machines, software and hardware to build an information security management network, and then implement the established policies through these networks, as outlined below :

- (1) Firewall Setting: Through the new generation of firewall function, effective security control is carried out for "who", "events", "time", "how to execute", "origin and destination" and "access objects" of data access. Threat detection" for all network traffic, effective control of intrusion detection and prevention, viruses, worms, etc. We also perform "trace logging" of all network traffic, including who, where, and what data was accessed.
- (2) Information Server Room Management: Based on the first-class server room, we have implemented various standards of physical and environmental safety. Developed a UPS system to avoid equipment damage, data loss, and service interruption due to power failure. In addition to a high-end air-conditioning cooling system to meet the heat dissipation needs of high-density computer cabinets, the server room is equipped with a fire detection system and an automatic fire suppression system, which comply with relevant fire regulations and are regularly maintained to prevent damage and destruction of important information hardware and equipment. The aforementioned hardware facilities are equipped with strict physical access control and 24-hour video surveillance equipment to prevent unauthorized access and to ensure the security of data assets.
- (3) User information security management: Through policies and mechanisms such as personal computer privilege setting, regular update of computer system security, email protection, enterprise endpoint anti-virus, endpoint security, external network access, internal system control and introduction of "Group Electronic Document Online Control Operation" mode. relevant information security protection nodes are set on internal and external network paths accessible to users to implement the information security The company has also established information security management regulations.

The Company has also established information security management regulations and the information security management unit conducts disaster drills for important systems from time to time each year to ensure that the recovery plan can operate normally and to enhance the information security emergency response function and recovery capability.

- (4) Factory information security management: The information management unit will regularly discuss factory information security issues, trends and related enhancement measures with the information management colleagues in each factory every year, and optimize the information security environment maintenance and risk awareness level of the colleagues in each factory through education and training.
- (5) Training and development: The information management unit sends out information security promotion letters and holds physical information security courses to explain the existing information security crime techniques and points to note, and actively improves employees' information security-related knowledge to achieve the positive purpose of raising employees' information security awareness.

Because of the increasing severity in cybercrime, the future threats and challenges to business operations will require more emphasis on strengthening cyber and information security governance mechanisms. Though the key to cyber security protection are "individuals". In the era of Internet, neither nor companies is immune from the cyber security risks. Therefore, in addition to following the government's relevant information security policies and the company's corresponding internal regulations, YFY is committed to implementing its daily information security management efforts with an attitude of "walking on eggshells" in order to minimize the company's operational risks in IT.

VI. Material contracts

Contract type	Parties Involved	Commencement date/expiration date	Content	Restrictive clauses
1. YFY				
Long term loan contract	Made jointly by 4 banks including Mega International Commercial Bank, Taiwan Cooperative Bank, Hua Nan Bank and Taipei Fubon Bank and 6 participating banks.	2017/12/25-2022/12/25	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including Bank of Taiwan, First Bank, and Hua Nan Bank with 8 participating banks	2018/12/24-2023/12/24	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 7 banks including Bank of Taiwan, First Bank, and Chang Hwa Bank with 5 participating banks	2020/02/10-2025/02/10	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 5 banks including Bank of Taiwan, Mega International Commercial Bank, Hua Nan Bank, First Bank, and Taipei Fubon Bank and 7 participating banks.	2020/12/30-2025/12/30	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 2 banks including First Bank and Bank of Taiwan,, and 7 participating banks.	2021/12/24-2026/12/24	5-year syndicated loan repaid at maturity	N/A
2. Chung Hwa Pulp Corp.				
Long term loan contract	Made jointly by 7 banks including Bank of Taiwan, Chang Hwa Bank, and Land Bank of Taiwan with 5 participating banks	2020/3/31-2025/3/31	5-year syndicated loan repaid at maturity	N/A
3. YFY Packaging Inc.				
Long term loan contract	Made jointly by 3 banks including Bank of Taiwan, First Bank, and Hua Nan Bank with 8 participating banks	2019/01/18-2024/01/18	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 5 banks including First Bank, Taipei Fubon Bank, Bank of Taiwan, Mega International Commercial Bank, and Hua Nan Bank with 7 participating banks	2020/12/30-2025/12/30	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made by Taipei Fubon Bank with 7 participating banks	2021/09/14-2026/09/14	5-year green syndicated loan repaid at maturity	N/A
4. YFY Consumer Products				
Long term loan contract	Made jointly by 7 banks including Chang Hwa Bank, Bank of Taiwan, and Land Bank of Taiwan with 5 participating banks	2019/12/25-2024/12/25	5-year syndicated loan repaid at maturity	N/A

Chapter 6. Financial Overview

- I. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years
- II. Financial analysis for the last five years
- III. Audit Committee's Review Report
- IV. Financial Statements
- V. Individual Financial Statements
- VI. Any Financial Difficulty and the Impact on the Company's Finance in Last Year and Up to the Print Date for the Annual Report

I. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years

(I). Condensed balance sheet and statement of comprehensive income – Consolidated

1. Condensed consolidated balance sheet

Unit: NT\$ thousand

Year Item		Financial data of the past five years				
		2017	2018	2019	2020	2021
Current assets		41,062,377	44,317,379	45,753,516	47,120,856	56,622,662
Property, plant and equipment		47,994,654	48,947,012	47,806,173	48,354,857	48,402,268
Intangible assets		458,555	521,979	509,530	484,123	470,573
Other assets		23,070,187	24,422,004	27,019,794	27,811,374	30,938,761
Total assets		112,585,773	118,208,374	121,089,013	123,771,210	136,434,264
Current liabilities	Before distribution	32,336,585	32,704,919	35,712,886	34,230,405	39,516,720
	After distribution	33,332,808	33,701,142	36,875,146	36,720,962	42,007,277
Non-current liabilities		36,722,868	38,570,422	34,592,593	31,252,806	31,111,412
Total liabilities	Before distribution	69,059,453	71,275,341	70,305,479	65,483,211	70,628,132
	After distribution	70,055,676	72,271,564	71,467,739	67,973,768	73,118,689
Share capital		16,603,715	16,603,715	16,603,715	16,603,715	16,603,715
Capital surplus		1,046,800	989,929	1,000,169	2,504,194	3,288,518
Retained earnings	Before distribution	13,894,534	14,241,392	15,879,283	20,756,081	22,919,766
	After distribution	12,898,311	13,245,169	14,717,023	18,265,524	20,429,209
Other equity		1,686,125	3,627,473	5,767,066	5,121,275	8,389,401
Equity attributable to owners of parent		33,231,174	35,462,509	39,250,233	44,985,265	51,201,400
Non-controlling interest		10,295,146	11,470,524	11,533,301	13,302,734	14,604,732
Total equity	Before distribution	43,526,320	46,933,033	50,783,534	58,287,999	65,806,132
	After distribution	42,530,097	45,936,810	49,621,274	55,797,442	63,315,575

2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	Financial data of the past five years				
	2017	2018	2019	2020	2021
Operating revenue	66,769,908	76,439,683	74,760,487	73,234,546	85,298,857
Gross profit	12,006,570	11,684,994	12,561,839	14,981,409	18,153,588
Operating profit	2,960,426	2,359,830	2,990,809	5,602,904	8,010,853
Non-operating income and expenditure	(121,377)	566,264	565,383	2,773,629	1,759,868
Pre-tax profit	2,839,049	2,926,094	3,556,192	8,376,533	9,770,721
Net profit for the current period	2,132,123	1,959,764	2,659,623	6,603,903	7,762,551
Other comprehensive income for the current period (after-tax profit)	(773,867)	151,472	2,536,880	(25,566)	3,524,890
Total comprehensive income for the current period	1,358,256	2,111,236	5,196,503	6,578,337	11,287,441
Net income attributable to owners of the parent	1,606,510	1,440,003	2,285,769	5,209,079	5,204,254
Net income attributable to non-controlling interest	525,613	519,761	373,854	1,394,824	2,558,297
Total comprehensive income attributable to owner of the parent	900,796	1,597,278	4,773,707	5,360,674	8,653,474
Total comprehensive income attributable to non-controlling interest	457,460	513,958	422,796	1,217,663	2,633,967
Earnings per share	0.97	0.87	1.38	3.14	3.13

(II). Condensed balance sheet and statement of comprehensive income-Individual

1. Condensed individual balance sheet

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>		Financial data of the past five years				
		2017	2018	2019	2020	2021
Current assets		249,394	88,444	186,239	32,489	57,925
Property, plant and equipment		618,461	620,320	619,312	615,945	613,296
Other assets		56,823,944	59,558,358	63,368,304	66,249,139	72,784,702
Total assets		57,691,799	60,267,122	64,173,855	66,897,573	73,455,923
Current liabilities	Before distribution	3,334,222	3,358,265	3,192,501	1,947,405	2,321,297
	After distribution	4,330,445	4,354,488	4,354,761	4,437,962	4,811,854
Non-current liabilities		21,126,403	21,446,348	21,731,121	19,964,903	19,933,226
Total liabilities	Before distribution	24,460,625	24,804,613	24,923,622	21,912,308	22,254,523
	After distribution	25,456,848	25,800,836	26,085,882	24,402,865	24,745,080
Share capital		16,603,715	16,603,715	16,603,715	16,603,715	16,603,715
Capital surplus		1,046,800	989,929	1,000,169	2,504,194	3,288,518
Retained earnings	Before distribution	13,894,534	14,241,392	15,879,283	20,756,081	22,919,766
	After distribution	12,898,311	13,245,169	14,717,023	18,265,524	20,429,209
Other equity		1,686,125	3,627,473	5,767,066	5,121,275	8,389,401
Total equity	Before distribution	33,231,174	35,462,509	39,250,233	44,985,265	51,201,400
	After distribution	32,234,951	34,466,286	38,087,973	42,494,708	48,710,843

2. Condensed individual statement of comprehensive income

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	Financial data of the past five years				
	2017	2018	2019	2020	2021
Operating revenue	2,046,694	1,773,764	2,414,115	5,481,543	5,356,934
Gross profit	2,046,694	1,773,764	2,414,115	5,481,543	5,356,934
Operating profit	1,672,764	1,439,400	2,065,030	5,119,864	4,937,467
Non-operating income and expenditure	(62,254)	15,603	135,439	210,215	425,587
Pre-tax profit	1,610,510	1,455,003	2,200,469	5,330,079	5,363,054
Net profit for the current period	1,606,510	1,440,003	2,285,769	5,209,079	5,204,254
Other comprehensive income for the current period (after-tax profit)	(705,714)	157,275	2,487,938	151,595	3,449,220
Total comprehensive income for the current period	900,796	1,597,278	4,773,707	5,360,674	8,653,474
Earnings per share	0.97	0.87	1.38	3.14	3.13

(III). Names of auditing CPAs of the past five years and their audit opinions:

1. Name of CPAs:

2017: Chih-Ming Shao and Cheng-Hong Kuo from Deloitte and Touche Taiwan.

2018: Hui-Ming Huang and Cheng Hong Kuo from Deloitte and Touche Taiwan.

2019: Hui-Ming Huang and Benjamin Shih from Deloitte and Touche Taiwan.

2020-2021: Hui-Ming Huang and Ya-Ling Wong from Deloitte and Touche Taiwan.

2. CPAs' opinions:

2017 - 2021: Unqualified opinion and a segment on other matters.

2021: Unqualified opinion

II. Financial analysis for the last five years

(I) Financial analysis - Consolidated

<div>Year</div> <div>Item</div>		Financial analysis for the last five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt-to-asset ratio	61.34	60.30	58.06	52.91	51.77
	Long-term capital to property, plant and equipment	167.20	174.69	178.59	185.17	200.23
Solvency (%)	Current ratio	126.98	135.51	128.11	137.66	143.29
	Quick ratio	80.74	84.77	86.07	93.95	99.16
	Times interest earned ratio	405.52	387.01	482.30	1,302.44	1,899.13
Operating ability	Receivables turnover (times)	4.79	5.06	4.98	4.90	5.18
	Average days receivable	76.20	72.13	73.29	74.48	70.46
	Inventory turnover (times)	6.27	6.36	5.98	6.24	6.47
	Payables turnover (times)	7.14	8.01	7.00	5.99	6.00
	Average inventory turnover (days)	58.21	57.39	61.03	58.49	56.41
	Property, plant and equipment turnover (times)	1.41	1.58	1.55	1.52	1.76
	Total assets turnover (times)	0.60	0.66	0.62	0.60	0.66
Profitability	Return on assets (%)	2.60	2.41	2.84	5.85	6.30
	Return on equity (%)	5.01	4.33	5.44	12.11	12.51
	Pre-tax profit to paid-in capital ratio (%)	17.10	17.62	21.42	50.45	58.85
	Net margin (%)	3.19	2.56	3.56	9.02	9.10
	Earnings per share (NT\$)	0.97	0.87	1.38	3.14	3.13
Cash flows	Operating cash flow ratio (%)	12.14	15.11	29.51	23.57	21.98
	Cash flow adequacy ratio (%)	52.56	71.44	101.00	116.75	109.84
	Cash flow reinvestment ratio (%)	2.93	2.77	6.63	4.60	3.86
Leverage	Operating leverage	2.21	2.68	2.41	1.77	1.53
	Financial leverage	1.46	1.76	1.45	1.14	1.07

Note: Explanation of changes;

- Changes in interest protection multiples resulted from an increase in net income before tax and a decrease in interest expense.

(II) Financial analysis - Individual

<div>Year</div> <div>Item</div>		Financial analysis for the last five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt-to-asset ratio	42.40	41.16	38.84	32.76	30.30
	Long-term capital to property, plant and equipment	8,789.17	9,174.11	9,846.63	10,544.80	11,598.74
Solvency (%)	Current ratio	7.48	2.63	5.83	1.67	2.50
	Quick ratio	0.71	0.83	2.04	1.07	1.99
	Times interest earned ratio	550.34	509.64	754.62	1,966.11	2,512.76
Operating ability	Receivables turnover (times)	-	-	-	-	-
	Average days receivable	-	-	-	-	-
	Inventory turnover (times)	-	-	-	-	-
	Payables turnover (times)	-	-	-	-	-
	Average inventory turnover (days)	-	-	-	-	-
	Property, plant and equipment turnover (times)	-	-	-	-	-
	Total assets turnover (times)	-	-	-	-	-
Profitability	Return on assets (%)	3.34	2.92	4.11	8.30	7.67
	Return on equity (%)	4.91	4.19	6.12	12.37	10.82
	Pre-tax profit to paid-in capital ratio (%)	9.70	8.76	13.25	32.10	32.30
	Net margin (%)	-	-	-	-	-
	Earnings per share (NT\$)	0.97	0.87	1.38	3.14	3.13
Cash flows	Operating cash flow ratio (%)	11.70	11.90	14.75	99.72	85.94
	Cash flow adequacy ratio (%)	12.98	30.41	45.15	81.01	68.14
	Cash flow reinvestment ratio (%)	0.71	-	-	1.19	-
Leverage	Operating leverage	1.01	1.01	1.01	1.00	1.00
	Financial leverage	1.27	1.33	1.19	1.06	1.05

Note: Explanation of changes

1. Changes in current ratio and quick ratio resulted from an increase in current asset.
2. Changes in interest protection multiples resulted from a decrease in interest expense.

1. Financial structure

- (1) Debt-to-asset ratio = Total liabilities / total assets.
- (2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net amount of property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
- (3) Times interest earned ratio = net income before income tax and interest expense / interest expense for the current period.

3. Operating ability

- (1) Receivables turnover (including accounts receivable and notes receivable from operations) = Net sales / Average balance of receivables (including accounts receivable and notes receivable from operations).
- (2) Average days receivable = 365 / receivables turnover.
- (3) Inventory turnover = Cost of goods sold / average amount of inventory.
- (4) Payables turnover (including accounts payable and notes payable from operations) = Cost of goods sold / Average balance of payables (including accounts payable and notes payable from operations).
- (5) Average inventory turnover (days) = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = Net sales / average net amount of property, plant and equipment.
- (7) Total assets turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = [Net income + interest expense x (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax income / total average equity.
- (3) Net margin = After-tax income / net sales.
- (4) Earnings per share = (Income attributable to owner of parent - stock dividends of preferred stocks) / weighted average number of issued shares.

5. Cash flows

- (1) Operating cash flow ratio = Net cash flow from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (capital expenditures + inventory increase + cash dividends) for the past five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - current operating cost and expense) / operating profit.
- (2) Financial leverage = Operating profit / (operating profit - interest expense).

III. Audit Committee's Review Report

YFY Inc.

Audit Committee's Review Report

The Company's 2021 business report, financial statements, earnings distribution proposal, and auditors' reports relating to the financial statements were compiled by the Board of Directors, and have been examined and determined to be correct and accurate by the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

We hereby submit the report.

2022 Annual General Shareholders' Meeting

Audit Committee Convener: Hsi-Peng Lu

March 15, 2022

IV. Financial Statements

Independent Auditors' Report

The Board of Directors and Shareholders
YFY Inc.

Opinion

We have audited the accompanying consolidated financial statements of YFY Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Estimation of Expected Credit Loss Recognized on Accounts Receivable

The accounts receivable of the Group's significant components are material in amount. In consideration of transactions

with various counterparties, the recoverability of accounts receivable is subject to not only each customer's financial condition but also management's estimation and judgment. Therefore, we identified the estimation of expected credit loss recognized on accounts receivable as a key audit matter.

For related policies and relevant information on the estimation of expected credit loss of accounts receivable, refer to Notes 4, 5 and 11 to the accompanying consolidated financial statements.

The key audit procedures that we performed in respect of the expected credit loss on accounts receivable included the following:

1. We obtained and assessed the reasonableness of the method and the information used by management for the estimation of expected credit loss recognized on accounts receivable.
2. We tested sample items in the aging report on the balance sheet date and verified the correctness of the calculation of the expected credit loss.
3. We analyzed overdue receivables and performed sampling on the collections of overdue receivables after the balance sheet date. We assessed the reasonableness of the expected credit loss recognized on accounts receivable based on customers' historical payment records, credit line control and overdue receivables tracking.

Other Matter

We did not audit the financial statements as of and for the year ended December 31, 2020 of Fidelis IT Solutions Co., Ltd., Sustainable Carbohydrate Innovation Co., Ltd., YFY Biotech Management Company, Livebricks Inc., and Jupiter Prestige Group Holdings Limited and its subsidiaries, which are included in the consolidated financial statements of the Group, but such financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in the Group's consolidated financial statements for these subsidiaries, is based solely on the reports of other auditors. As of December 31, 2020, the assets of these subsidiaries were NT\$741,272 thousand, representing 0.6% of the total consolidated assets. For the year ended December 31, 2020, the net sales of these subsidiaries were NT\$618,368 thousand, representing 0.8% of the consolidated net sales. In addition, as of and for the year ended December 31, 2020, the financial statements of Taiwan Genome Sciences, Inc., an investment accounted for using the equity method, was audited by other auditor. Thus, our opinion, insofar as it relates to the calculation of the Group's share in this investee's profit or loss and other comprehensive income, is based solely on the report of other auditor. As of December 31, 2020, the carrying amount of this investee was NT\$13,397 thousand. This investee's net profit or loss was included in the Group's total comprehensive income and loss for the year ended December 31, 2020 which was a loss of NT\$1,029 thousand.

We have also audited the financial statements of YFY Inc. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion and an unmodified opinion including an Other Matter paragraph, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial

statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

YFY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 6,534,090	5	\$ 6,283,121	5
Current financial assets at fair value through profit or losses (Notes 7 and 34)	3,026,461	2	2,718,224	2
Current financial assets at fair value through other comprehensive income (Notes 8 and 33)	7,675,476	6	5,492,949	4
Current financial assets at amortized cost (Note 9)	4,352,267	3	2,300,849	2
Notes receivable, net (Notes 11, 23 and 34)	4,431,191	3	3,453,523	3
Accounts receivable, net (Notes 11 and 23)	13,092,096	10	11,811,120	10
Accounts receivable due from related parties, net (Notes 23 and 33)	71,403	-	98,198	-
Current inventories (Note 12)	11,705,050	9	9,049,118	7
Current biological assets (Note 13)	3,193,535	2	3,327,526	3
Prepayments	1,504,008	1	2,027,902	2
Other current financial assets (Note 34)	345,076	-	28,147	-
Other current assets, others (Notes 10, 14 and 33)	692,009	1	530,179	-
Total current assets	56,622,662	42	47,120,856	38
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 33)	15,919,513	12	14,141,849	12
Non-current financial assets at amortized cost (Note 9)	434,148	-	436,481	-
Investments accounted for using equity method (Notes 16 and 33)	6,102,801	4	5,951,241	5
Property, plant and equipment (Notes 17, 33 and 34)	48,402,268	35	48,354,857	39
Right-of-use assets (Notes 18 and 34)	2,037,520	2	1,897,085	2
Investment property, net (Notes 19 and 33)	3,532,991	3	2,684,304	2
Goodwill	470,573	-	484,123	-
Deferred tax assets (Note 25)	351,334	-	352,577	-
Prepayments for business facilities (Notes 17 and 19)	1,519,458	1	1,887,388	2
Net defined benefit asset, non-current (Note 21)	710,988	1	81,845	-
Other non-current assets, others (Note 34)	330,008	-	378,604	-
Total non-current assets	79,811,602	58	76,650,354	62
TOTAL ASSETS	\$ 136,434,264	100	\$ 123,771,210	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Notes 20 and 34)	\$ 10,079,552	8	\$ 6,565,420	5
Short-term notes and bills payable (Note 20)	9,296,157	7	9,398,814	8
Current financial liabilities at fair value through profit or loss (Note 7)	69,687	-	147,149	-
Current contract liabilities (Note 23)	516,177	-	552,667	1
Notes and accounts payable	12,225,726	9	9,999,750	8
Accounts payable to related parties (Note 33)	57,012	-	89,656	-
Other payables, others (Note 17)	4,377,129	3	4,958,632	4
Current tax liabilities	1,437,612	1	1,249,085	1
Current lease liabilities (Note 18)	177,846	-	158,415	-
Long-term liabilities, current portion (Note 20)	57,933	-	-	-
Other current liabilities, others (Note 33)	1,221,889	1	1,110,817	1
Total current liabilities	39,516,720	29	34,230,405	28
NON-CURRENT LIABILITIES (Note 4)				
Non-current portion of non-current borrowings (Notes 20 and 34)	26,519,989	20	27,077,204	22
Deferred tax liabilities (Note 25)	3,603,758	3	3,483,655	3
Non-current lease liabilities (Note 18)	471,777	-	286,837	-
Net defined benefit liability, non-current (Note 21)	37,233	-	51,735	-
Other non-current liabilities, others	478,655	-	353,375	-
Total non-current liabilities	31,111,412	23	31,252,806	25
Total liabilities	70,628,132	52	65,483,211	53
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4, 22, 27, 30 and 33)				
Share capital	16,603,715	12	16,603,715	13
Capital surplus	3,288,518	2	2,504,194	2
Retained earnings	22,919,766	17	20,756,081	17
Other equity interest	8,389,401	6	5,121,275	4
Total equity attributable to owners of parent	51,201,400	37	44,985,265	36
NON-CONTROLLING INTERESTS	14,604,732	11	13,302,734	11
Total equity	65,806,132	48	58,287,999	47
TOTAL LIABILITIES AND EQUITY	\$ 136,434,264	100	\$ 123,771,210	100

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 33)				
Net sales revenue	\$ 69,338,312	81	\$ 61,258,136	84
Other operating revenue, net	<u>15,960,545</u>	<u>19</u>	<u>11,976,410</u>	<u>16</u>
Total operating revenue	<u>85,298,857</u>	<u>100</u>	<u>73,234,546</u>	<u>100</u>
OPERATING COSTS (Notes 12, 21, 24 and 33)				
Cost of sales	57,649,295	68	50,437,986	69
Other operating costs	<u>9,499,369</u>	<u>11</u>	<u>7,815,484</u>	<u>11</u>
Total operating costs	<u>67,148,664</u>	<u>79</u>	<u>58,253,470</u>	<u>80</u>
GAIN ON CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Notes 4 and 13)	<u>3,395</u>	<u>-</u>	<u>333</u>	<u>-</u>
GROSS PROFIT FROM OPERATIONS	<u>18,153,588</u>	<u>21</u>	<u>14,981,409</u>	<u>20</u>
OPERATING EXPENSES (Notes 21, 24 and 33)				
Selling expenses	5,718,650	7	5,256,096	7
Administrative expenses	3,816,206	4	3,687,296	5
Research and development expenses	<u>607,879</u>	<u>1</u>	<u>435,113</u>	<u>1</u>
Total operating expenses	<u>10,142,735</u>	<u>12</u>	<u>9,378,505</u>	<u>13</u>
NET OPERATING INCOME	<u>8,010,853</u>	<u>9</u>	<u>5,602,904</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs, net (Notes 4 and 24)	(543,080)	(1)	(696,626)	(1)
Share of profit of associates accounted for using equity method, net (Notes 4 and 16)	939,709	1	606,426	1
Interest income	108,890	-	125,853	-
Rent income (Notes 19 and 33)	79,252	-	66,998	-
Dividend income	978,636	1	803,757	1
Other income, others (Notes 15, 28 and 29)	489,315	1	1,949,507	3
Gain (loss) on disposal of property, plant and equipment	26,493	-	(134,893)	-
Gain on disposal of investment property (Note 33)	24,053	-	-	-
Gain on disposal of non-current disposal groups held for sale (Note 14)	47,370	-	356,826	-
Miscellaneous disbursements (Note 17)	(97,929)	-	(175,173)	-

(Continued)

YFY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Foreign exchange gains (losses) (Note 37)	\$ (82,243)	-	\$ 696,352	1
Loss on financial assets or liabilities at fair value through profit or loss (Note 4)	<u>(210,598)</u>	<u>-</u>	<u>(825,398)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,759,868</u>	<u>2</u>	<u>2,773,629</u>	<u>4</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	9,770,721	11	8,376,533	11
TAX EXPENSE (Notes 4 and 25)	<u>(2,008,170)</u>	<u>(2)</u>	<u>(1,772,630)</u>	<u>(2)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>7,762,551</u>	<u>9</u>	<u>6,603,903</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Gains on remeasurements of defined benefit plans	121,134	-	549,618	1
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,673,538	4	(4,653)	-
Share of other comprehensive income of associates accounted for using equity method	<u>546,984</u>	<u>1</u>	<u>121,158</u>	<u>-</u>
	<u>4,341,656</u>	<u>5</u>	<u>666,123</u>	<u>1</u>
Components of other comprehensive loss that will be reclassified to profit or loss:				
Exchange differences on translation	(606,916)	(1)	(679,314)	(1)
Gains on hedging instruments	5,199	-	1,285	-
Share of other comprehensive loss of associates accounted for using equity method	<u>(215,049)</u>	<u>-</u>	<u>(13,660)</u>	<u>-</u>
	<u>(816,766)</u>	<u>(1)</u>	<u>(691,689)</u>	<u>(1)</u>
Other comprehensive income (loss), net	<u>3,524,890</u>	<u>4</u>	<u>(25,566)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 11,287,441</u>	<u>13</u>	<u>\$ 6,578,337</u>	<u>9</u>
PROFIT, ATTRIBUTABLE TO:				
Profit, attributable to owners of parent	\$ 5,204,254	6	\$ 5,209,079	7
Profit, attributable to non-controlling interests	<u>2,558,297</u>	<u>3</u>	<u>1,394,824</u>	<u>2</u>
	<u>\$ 7,762,551</u>	<u>9</u>	<u>\$ 6,603,903</u>	<u>9</u>

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	<u>2021</u>		<u>2020</u>	
	Amount	%	Amount	%
COMPREHENSIVE INCOME, ATTRIBUTABLE TO:				
Comprehensive income, attributable to owners of parent	\$ 8,653,474	10	\$ 5,360,674	7
Comprehensive income, attributable to non-controlling interests	<u>2,633,967</u>	<u>3</u>	<u>1,217,663</u>	<u>2</u>
	<u>\$ 11,287,441</u>	<u>13</u>	<u>\$ 6,578,337</u>	<u>9</u>
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$ 3.13</u>		<u>\$ 3.14</u>	
Diluted earnings per share	<u>\$ 3.13</u>		<u>\$ 3.14</u>	

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

(Concluded)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent																		
	Capital Surplus											Other Equity					Total	Non-controlling Interests	Total Equity
	Share Capital		Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Changes in Ownership Interests in Subsidiaries	Consolidation Excess	Other	Total	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					
								Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Total								
															Shares (In Thousands)	Amount			
BALANCE AT JANUARY 1, 2020	1,660,372	\$ 16,603,715	\$ 128,978	\$ 374,052	\$ 293,124	\$ 204,015	\$ 1,000,169	\$ 3,559,373	\$ 4,028,583	\$ 8,291,327	\$ 15,879,283	\$ (1,036,202)	\$ 6,809,645	\$ (6,377)	\$ 39,250,233	\$ 11,533,301	\$ 50,783,534		
Appropriation of the 2019 earnings																			
Legal reserve appropriated	-	-	-	-	-	-	-	263,411	-	(263,411)	-	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(1,162,260)	(1,162,260)	-	-	-	(1,162,260)	-	(1,162,260)		
Reversal of special reserve	-	-	-	-	-	-	-	-	(26,770)	26,770	-	-	-	-	-	-	-		
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(271,679)	(271,679)		
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(338)	(338)	-	-	(17)	(17)	-	-	-	(355)	(877)	(1,232)		
Other changes in capital surplus	-	-	-	-	-	1,487	1,487	-	-	-	-	-	-	-	1,487	-	1,487		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,431,233	-	-	-	1,431,233	-	-	27	27	50,578	(27)	-	1,481,811	925,676	2,407,487		
Changes in ownership interests in subsidiaries	-	-	-	71,643	-	-	71,643	-	-	(22,727)	(22,727)	2,827	(353)	2,285	53,675	(101,350)	(47,675)		
Profit	-	-	-	-	-	-	-	-	-	5,209,079	5,209,079	-	-	-	5,209,079	1,394,824	6,603,903		
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	552,880	552,880	(526,210)	123,858	1,067	151,595	(177,161)	(25,566)		
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	5,761,959	5,761,959	(526,210)	123,858	1,067	5,360,674	1,217,663	6,578,337		
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	299,816	299,816	-	(299,816)	-	-	-	-		
BALANCE AT DECEMBER 31, 2020	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 the 2020 earnings																			
Legal reserve appropriated	-	-	-	-	-	-	-	606,583	-	(606,583)	-	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)	-	(2,490,557)		
Reversal of special reserve	-	-	-	-	-	-	-	-	(1,812)	1,812	-	-	-	-	-	-	-		
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(897,441)	(897,441)		
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(13,088)	(13,088)	-	-	382	382	-	(2,711)	-	(15,417)	(7,005)	(22,422)		
Other changes in capital surplus	-	-	-	-	-	1,128	1,128	-	-	-	-	-	-	-	1,128	-	1,128		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	218,052	-	-	-	218,052	-	-	(742,428)	(742,428)	(1,143)	(1,001)	-	(526,520)	(1,087,638)	(1,614,158)		
Changes in ownership interests in subsidiaries	-	-	-	578,232	-	-	578,232	-	-	26	26	15,795	(26)	-	594,027	660,115	1,254,142		
Profit	-	-	-	-	-	-	-	-	-	5,204,254	5,204,254	-	-	-	5,204,254	2,558,297	7,762,551		
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	157,638	157,638	(691,261)	3,979,818	3,025	3,449,220	75,670	3,524,890		
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	5,361,892	5,361,892	(691,261)	3,979,818	3,025	8,653,474	2,633,967	11,287,441		
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	34,370	34,370	-	(34,370)	-	-	-	-		
BALANCE AT DECEMBER 31, 2021	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		

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

(With Deloitte & Touche auditors’ report dated March 15, 2022)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 9,770,721	\$ 8,376,533
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	4,230,166	4,329,947
Expected credit loss (gain)	(44,050)	94,624
Net loss on financial assets or liabilities at fair value through profit or loss	210,598	825,398
Finance costs	543,080	696,626
Interest income	(108,890)	(125,853)
Dividend income	(978,636)	(803,757)
Share-based payments	27,408	58,152
Share of profit of associates accounted for using equity method	(939,709)	(606,426)
Loss (gain) on disposal of property, plant and equipment	(26,493)	134,893
Gain on disposal of investment property	(24,053)	-
Gain on disposal of non-current disposal groups held for sale (Note 14)	(47,370)	(356,826)
Gain on disposal of investments	(717)	-
Impairment loss on non-financial assets	4,976	60,016
Write-downs of inventories (reversed)	(7,844)	28,305
Unrealized foreign exchange loss (gain)	430,163	(885,847)
Converted overdue payables to other income	(11,714)	-
Gain from derecognition of subsidiary (Note 28)	(34,401)	-
Gain arising from changes in fair value less costs to sell of biological assets	(3,395)	(333)
Gain on disposal of land use rights (Note 15)	-	(1,389,329)
Loss (gain) from lease modification	(634)	12,697
Changes in operating assets and liabilities		
Decrease (increase) in current financial assets at fair value through profit or loss, mandatorily measured at fair value	25,574	(990,128)
Decrease (increase) in notes receivable, net	(1,120,322)	(756,100)
Decrease (increase) in accounts receivable, net	(1,533,619)	(46,340)
Decrease (increase) in accounts receivable due from related parties, net	53,300	1,721
Decrease (increase) in current inventories	(2,788,687)	326,300
Decrease (increase) in current biological assets	119,601	(23,231)
Decrease (increase) in prepayments	488,002	(706,283)
Decrease (increase) in other current assets, others	(411,975)	(173,564)
Increase (decrease) in financial liabilities held for trading	(627,109)	(998,978)
Increase (decrease) in current contract liabilities	(35,291)	69,053
Increase (decrease) in notes and accounts payable	2,298,431	826,225
Increase (decrease) in accounts payable to related parties	(28,948)	45,628
Increase (decrease) in other payable, others	283,169	842,117

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Increase (decrease) in other current liabilities, others	\$ 154,693	\$ 55,648
Increase (decrease) in net defined benefit liability, non-current	<u>(492,227)</u>	<u>(323,291)</u>
Cash inflow generated from operations	9,373,798	8,597,597
Interest received	230,755	95,605
Dividends received	1,477,026	1,173,100
Interest paid	(653,736)	(676,970)
Income taxes paid	<u>(1,743,793)</u>	<u>(1,120,955)</u>
Net cash flows generated from operating activities	<u>8,684,050</u>	<u>8,068,377</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(75,472)	(23,880)
Proceeds from disposal of financial assets at fair value through other comprehensive income	187,021	62,712
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	64,254	99,612
Acquisition of financial assets at amortized cost	(2,054,652)	-
Proceeds from disposal of financial assets at amortized cost	-	436,340
Acquisition of financial assets for hedging	5,303	-
Proceeds from disposal of investments accounted for using equity method (Note 28)	(230)	-
Proceeds from disposal of subsidiaries (Note 29)	(133)	-
Proceeds from capital reduction of investments accounted for using equity method	140,904	-
Disposal of non-current disposal groups held for sale (Note 14)	(36,385)	749,344
Acquisition of property, plant and equipment	(5,439,383)	(5,078,679)
Proceeds from disposal of property, plant and equipment	83,239	77,213
Decrease (increase) in other financial assets	(324,944)	43,516
Decrease (increase) in other non-current assets, others	<u>57,416</u>	<u>(112,693)</u>
Net cash flows used in investing activities	<u>(7,393,062)</u>	<u>(3,746,515)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Increase in current borrowings	3,525,369	-
Decrease in current borrowings	-	(5,893,661)
Increase in short-term notes and bills payable	-	3,372,294
Decrease in short-term notes and bills payable	(102,657)	-
Repayments of long-term debt	(499,000)	(2,271,411)
Payments of lease liabilities	(204,735)	(214,027)
Increase in other non-current liabilities, others	78,416	8,251
Cash dividends paid	<u>(2,490,557)</u>	<u>(1,162,260)</u>

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Change in non-controlling interests	\$ (1,291,587)	\$ 2,085,370
Overdue dividends received	<u>1,160</u>	<u>1,487</u>
Net cash flows used in financing activities	<u>(983,591)</u>	<u>(4,073,957)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(56,428)</u>	<u>(27,655)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	250,969	220,250
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,283,121</u>	<u>6,062,871</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,534,090</u>	<u>\$ 6,283,121</u>

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

V. Individual Financial Statements

Independent Auditors' Report

The Board of Directors and Shareholders
YFY Inc.

Opinion

We have audited the accompanying financial statements of YFY Inc. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2021 are stated as follows:

The Valuation of Investments Accounted for Using the Equity Method

Under the investments accounted for using the equity method, the financial position and performance of some significant components of the Company will significantly affect the Company. The accounts receivable of significant components of the Company are material in amount. In consideration of transactions with various counterparties, the recoverability of accounts receivable is subject to not only each customer's financial condition but also management's estimation and judgment. Therefore, we identified the estimation of expected credit loss recognized on accounts receivable as a key audit matter.

For related policies and relevant information about investments accounted for using the equity method, refer to Notes 4 and 9 to the accompanying financial statements.

The key audit procedures that we performed in respect of the valuation of investments accounted for using the equity method included the following:

1. We obtained and assessed the reasonableness of the method and the information used by management for the estimation of expected credit loss recognized on accounts receivable.
2. We tested sample items in the aging report on the balance sheet date and verified the correctness of the calculation of the expected credit loss.
3. We analyzed overdue receivables and performed sampling on the collections of overdue receivables after the balance sheet date. We assessed the reasonableness of the expected credit loss recognized on accounts receivable based on customers' historical payment records, credit line control and overdue receivables tracking.

Other Matter

We did not audit the financial statements as of and for the year ended December 31, 2020 of Fidelis IT Solutions Co., Ltd., Sustainable Carbohydrate Innovation Co., Ltd., Taiwan Genome Sciences, Inc., YFY Biotech Management Company and Livebricks Inc., which are accounted for using the equity method by YFY Paradigm Investment Co., Ltd., Jupiter Prestige Group Holdings Limited and its subsidiaries, which are accounted for using the equity method by YFY Global Investment Limited, but such financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the investments accounted for using the equity method and the net profit of investments, is based solely on the reports of other auditors. As of December 31, 2020, the investments accounted for using equity method of these investee companies were NT\$487,116 thousand, representing 0.7% of the Company's total assets. As of and for the year ended December 31, 2020, the net investment income of these investee companies was NT\$4,730 thousand, representing 0.1% of the Company's total comprehensive income and loss.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2022

Notice to Readers

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

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

YFY INC.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash (Note 6)	\$ 13,188	-	\$ 4,381	-
Current financial assets at fair value through profit or loss (Note 7)	6,302	-	16,283	-
Accounts receivable due from related parties, net (Note 22)	26,625	-	129	-
Other receivables	7,713	-	5,549	-
Other current assets, others	<u>4,097</u>	<u>-</u>	<u>6,147</u>	<u>-</u>
Total current assets	<u>57,925</u>	<u>-</u>	<u>32,489</u>	<u>-</u>
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 22)	14,141,481	19	12,140,404	18
Investments accounted for using equity method (Notes 9 and 22)	56,382,018	77	52,189,672	78
Property, plant and equipment (Notes 10, 16 and 22)	613,296	1	615,945	1
Right-of-use assets (Notes 11 and 16)	3,369	-	2,526	-
Investment property, net (Notes 12, 16 and 22)	1,849,656	3	1,857,909	3
Deferred tax assets (Note 17)	7,555	-	-	-
Net defined benefit asset, non-current (Note 14)	331,864	-	37,265	-
Other non-current assets, others (Note 16)	<u>68,759</u>	<u>-</u>	<u>21,363</u>	<u>-</u>
Total non-current assets	<u>73,397,998</u>	<u>100</u>	<u>66,865,084</u>	<u>100</u>
TOTAL ASSETS	<u>\$ 73,455,923</u>	<u>100</u>	<u>\$ 66,897,573</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Note 13)	\$ 1,580,000	2	\$ 805,000	1
Short-term notes and bills payable (Note 13)	482,418	1	929,046	2
Accounts payable to related parties (Note 22)	1,431	-	10,539	-
Other payables, others (Note 10)	105,360	-	85,367	-
Current tax liabilities	147,096	-	101,347	-
Current lease liabilities (Note 11)	1,307	-	1,264	-
Other current liabilities, others	<u>3,685</u>	<u>-</u>	<u>14,842</u>	<u>-</u>
Total current liabilities	<u>2,321,297</u>	<u>3</u>	<u>1,947,405</u>	<u>3</u>
NON-CURRENT LIABILITIES (Note 4)				
Non-current portion of non-current borrowings (Note 13)	19,409,942	26	19,544,992	29
Deferred tax liabilities (Note 17)	466,794	1	412,016	1
Non-current lease liabilities (Note 11)	2,068	-	1,279	-
Other non-current liabilities, others	<u>54,422</u>	<u>-</u>	<u>6,616</u>	<u>-</u>
Total non-current liabilities	<u>19,933,226</u>	<u>27</u>	<u>19,964,903</u>	<u>30</u>
Total liabilities	<u>22,254,523</u>	<u>30</u>	<u>21,912,308</u>	<u>33</u>
EQUITY (Notes 4 and 15)				
Share capital	16,603,715	23	16,603,715	25
Capital surplus	3,288,518	5	2,504,194	4
Retained earnings	22,919,766	31	20,756,081	31
Other equity interest	<u>8,389,401</u>	<u>11</u>	<u>5,121,275</u>	<u>7</u>
Total equity	<u>51,201,400</u>	<u>70</u>	<u>44,985,265</u>	<u>67</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 73,455,923</u>	<u>100</u>	<u>\$ 66,897,573</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

YFY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Investment (Note 4)	\$ 5,356,934	100	\$ 5,481,543	100
OPERATING EXPENSES (Notes 14, 16 and 22)	<u>419,467</u>	<u>8</u>	<u>361,679</u>	<u>7</u>
NET OPERATING INCOME	<u>4,937,467</u>	<u>92</u>	<u>5,119,864</u>	<u>93</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	(651)	-	5,577	-
Finance costs (Notes 4 and 16)	(222,279)	(4)	(285,625)	(5)
Rent income (Notes 12 and 22)	49,626	1	50,745	1
Dividend income	526,725	10	415,469	8
Other income, others	48,205	1	24,798	-
Gain on disposal of investment properties (Note 22)	24,053	-	-	-
Miscellaneous disbursements	<u>(92)</u>	<u>-</u>	<u>(749)</u>	<u>-</u>
Total non-operating income and expenses	<u>425,587</u>	<u>8</u>	<u>210,215</u>	<u>4</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	5,363,054	100	5,330,079	97
TAX EXPENSE (Notes 4 and 17)	<u>(158,800)</u>	<u>(3)</u>	<u>(121,000)</u>	<u>(2)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>5,204,254</u>	<u>97</u>	<u>5,209,079</u>	<u>95</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 14, 15 and 17)				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Gains on remeasurements of defined benefit plans	187,406	4	583,663	11
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,618,538	30	413,634	7
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>2,331,512</u>	<u>44</u>	<u>(320,559)</u>	<u>(6)</u>
	<u>4,137,456</u>	<u>78</u>	<u>676,738</u>	<u>12</u>

(Continued)

YFY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Components of other comprehensive loss that will be reclassified to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	<u>\$ (688,236)</u>	<u>(13)</u>	<u>\$ (525,143)</u>	<u>(9)</u>
	<u>(688,236)</u>	<u>(13)</u>	<u>(525,143)</u>	<u>(9)</u>
Other comprehensive income, net	<u>3,449,220</u>	<u>65</u>	<u>151,595</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,653,474</u>	<u>162</u>	<u>\$ 5,360,674</u>	<u>98</u>
EARNINGS PER SHARE (Note 18)				
Basic earnings per share	<u>\$ 3.13</u>		<u>\$ 3.14</u>	
Diluted earnings per share	<u>\$ 3.13</u>		<u>\$ 3.14</u>	

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

(Concluded)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Surplus											Other Equity			
	Share Capital		Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Changes in Ownership Interests in Subsidiaries	Consolidation Excess	Other	Total	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 Equity
								Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Total				
	Shares (In Thousands)	Amount													
BALANCE AT JANUARY 1, 2020	1,660,372	\$ 16,603,715	\$ 128,978	\$ 374,052	\$ 293,124	\$ 204,015	\$ 1,000,169	\$ 3,559,373	\$ 4,028,583	\$ 8,291,327	\$ 15,879,283	\$ (1,036,202)	\$ 6,809,645	\$ (6,377)	\$ 39,250,233
Appropriation of the 2019 earnings															
Legal reserve appropriated	-	-	-	-	-	-	-	263,411	-	(263,411)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(1,162,260)	(1,162,260)	-	-	-	(1,162,260)
Reversal of special reserve	-	-	-	-	-	-	-	-	(26,770)	26,770	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(338)	(338)	-	-	(17)	(17)	-	-	-	(355)
Other changes in capital surplus	-	-	-	-	-	1,487	1,487	-	-	-	-	-	-	-	1,487
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,431,233	-	-	-	1,431,233	-	-	27	27	50,578	(27)	-	1,481,811
Changes in ownership interests in subsidiaries	-	-	-	71,643	-	-	71,643	-	-	(22,727)	(22,727)	2,827	(353)	2,285	53,675
Profit	-	-	-	-	-	-	-	-	-	5,209,079	5,209,079	-	-	-	5,209,079
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	552,880	552,880	(526,210)	123,858	1,067	151,595
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	5,761,959	5,761,959	(526,210)	123,858	1,067	5,360,674
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	299,816	299,816	-	(299,816)	-	-
BALANCE AT DECEMBER 31, 2020	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
Appropriation of the 2020 earnings															
Legal reserve appropriated	-	-	-	-	-	-	-	606,583	-	(606,583)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)
Reversal of special reserve	-	-	-	-	-	-	-	-	(1,812)	1,812	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(13,088)	(13,088)	-	-	382	382	-	(2,711)	-	(15,417)
Other changes in capital surplus	-	-	-	-	-	1,128	1,128	-	-	-	-	-	-	-	1,128
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	218,052	-	-	-	218,052	-	-	(742,428)	(742,428)	(1,143)	(1,001)	-	(526,520)
Changes in ownership interests in subsidiaries	-	-	-	578,232	-	-	578,232	-	-	26	26	15,795	(26)	-	594,027
Profit	-	-	-	-	-	-	-	-	-	5,204,254	5,204,254	-	-	-	5,204,254
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	157,638	157,638	(691,261)	3,979,818	3,025	3,449,220
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	5,361,892	5,361,892	(691,261)	3,979,818	3,025	8,653,474
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	34,370	34,370	-	(34,370)	-	-
BALANCE AT DECEMBER 31, 2021	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

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors’ report dated March 15, 2022)

YFY INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 5,363,054	\$ 5,330,079
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	11,380	12,081
Net gain on financial assets or liabilities at fair value through profit or loss	(19)	(5,528)
Finance costs	222,279	285,625
Interest income	(33)	(52)
Dividend income	(526,725)	(415,469)
Share-based payments	-	1,144
Share of profit of subsidiaries and associates accounted for using equity method	(5,356,934)	(5,481,543)
Loss (gain) on disposal of property, plant and equipment	14	(52)
Gain on disposal of investment property	(24,053)	-
Loss on disposal of investments	660	-
Unrealized foreign exchange loss	1	1
Converted overdue payables to other income	(11,714)	-
Gain from lease modification	(47)	-
Changes in operating assets and liabilities		
Decrease (increase) in current financial assets at fair value through profit or loss, mandatorily measured at fair value	10,000	202,000
Decrease (increase) in accounts receivable due from related parties, net	24	297
Decrease (increase) in other receivable	(3,498)	102,014
Decrease (increase) in other current assets, others	1,282	(2,336)
Decrease (increase) in net defined benefit asset, non-current	(60,341)	(54,028)
Increase (decrease) in accounts payable to related parties	(9,108)	9,132
Increase (decrease) in other payable, others	16,564	28,002
Increase (decrease) in other current liabilities, others	557	272
Cash outflow generated from (used in) operations	(366,657)	11,639
Interest received	33	6,479
Dividends received	2,685,873	2,209,417
Interest paid	(213,629)	(282,667)
Income taxes paid	(110,699)	(2,915)
Net cash flows generated from operating activities	<u>1,994,921</u>	<u>1,941,953</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at fair value through other comprehensive income	(152,098)	(11,940)
Proceeds from disposal of financial assets at fair value through other comprehensive income	87,923	45,453

(Continued)

YFY INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	\$ 26,122	\$ 41,056
Acquisition of investments accounted for using equity method	-	(1,054,579)
Proceeds from disposal of investments accounted for using equity method	252,383	2,613,810
Proceeds from liquidation of investments accounted for using equity method	103,241	-
Proceeds from capital reduction of investments accounted for using equity method	-	35,000
Acquisition of property, plant and equipment	(695)	(260)
Proceeds from disposal of property, plant and equipment	48	88
Decrease in other non-current assets, others	<u>762</u>	<u>5,758</u>
Net cash flows generated from investing activities	<u>317,686</u>	<u>1,674,386</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Increase in current borrowings	775,000	-
Decrease in current borrowings	-	(1,172,000)
Decrease in short-term notes and bills payable	(447,000)	(200,000)
Repayments of long-term debt	(140,000)	(1,084,000)
Payments of lease liabilities	(2,110)	(1,792)
Increase (decrease) in other non-current liabilities, others	(292)	112
Cash dividends paid	(2,490,557)	(1,162,260)
Overdue dividends received	<u>1,160</u>	<u>1,487</u>
Net cash flows used in financing activities	<u>(2,303,799)</u>	<u>(3,618,453)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	<u>(1)</u>	<u>(1)</u>
NET INCREASE (DECREASE) IN CASH	8,807	(2,115)
CASH AT THE BEGINNING OF THE YEAR	<u>4,381</u>	<u>6,496</u>
CASH AT THE END OF THE YEAR	<u>\$ 13,188</u>	<u>\$ 4,381</u>

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

(With Deloitte & Touche auditors' report dated March 15, 2022)

(Concluded)

VI. Any financial difficulty and the impact on the Company's finance in last year and up to the print date of this: This event did not occur at the Company.

Chapter 7. Financial Position, Financial Performance and Risk Analysis

- I. Financial comparison analysis
- II. Financial Performance Review and Analysis
- III. Cash flow analysis
- IV. Major Capital Expenditures and Impact on Financial Operations in last year
- V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year
- VI. Risk Analysis and Assessment in Last Year and Up to the Print Date of this Annual Report
- VII. Other Material Disclosures

I. Financial comparison analysis

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	2021	2020	Difference	
			Amount	%
Current assets	..\$56,622,662	\$47,120,856	9,501,806	20
Property, plant and equipment	48,402,268	48,354,857	47,411	0
Intangible assets	470,573	484,123	(13,550)	(3)
Other assets	30,938,761	27,811,374	3,127,387	11
Total assets	136,434,264	123,771,210	12,663,054	10
Current liabilities	39,516,720	34,230,405	5,286,315	15
Non-current liabilities	31,111,412	31,252,806	(141,394)	0
Total liabilities	70,628,132	65,483,211	5,144,921	8
Share capital	16,603,715	16,603,715	0	0
Capital surplus	3,288,518	2,504,194	784,324	31
Retained earnings	22,919,766	20,756,081	2,163,685	10
Other equity	8,389,401	5,121,275	3,268,126	64
Non-controlling interest	14,604,732	13,302,734	1,301,998	10
Total equity	65,806,132	58,287,999	7,518,133	13
Notes on changes in increase or decrease percentage: 1. The increase in Current assets is mainly due to the increase in Current financial assets at fair value through other comprehensive income 、Accounts receivable and Current inventories 2. The increase in Capital surplus is mainly due to the increase in Changes in ownership interests in subsidiaries. 3. The increase in other equity interest is mainly due to the increase in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income.				

II. Financial Performance Review and Analysis

Unit: NT\$ thousand

Year Item	2021	2020	Increase/decrease	Change (%)
Net sales revenue	\$85,298,857	\$73,234,546	\$ 12,064,311	17
Cost of goods sold	67,148,664	58,253,470	8,895,194	15
Gains from changes in fair value minus the cost to sell a biological asset	3,395	333	3,062	920
Gross profit	18,153,588	14,981,409	3,172,179	21
Operating expenses	10,142,735	9,378,505	764,230	8
Net operating profit	8,010,853	5,602,904	2,407,949	43
Non-operating income and expenditure	1,759,868	2,773,629	(1,013,761)	(37)
Pre-tax profit	9,770,721	8,376,533	1,394,188	17
Income tax expense	(2,008,170)	(1,772,630)	(235,540)	13
Net income for the current year	7,762,551	6,603,903	1,158,648	18
Notes/Analysis on changes in increase or decrease percentage: 1. The increase in Operating revenue and Net operating income is mainly due to the increase in Net sales revenue. 2. The decrease in Non-operating income and expense is mainly due to the decrease in other income.				

III. Cash flow analysis

Cash balance, Beginning of Year	Net cash flow from operating activities	Inflow (outflow) of net cash from other activities	Cash balance	Liquidity contingency plan	
				Investment plan	Financial plan
\$6,283,121	\$8,684,050	(\$8,433,081)	\$6,534,090	-	-

(I) Analysis on the cash flow changes of the current year:

1. Cash flow from operating activities: Operating activities generated cash flow mainly from operational profit.
2. Cash flow from other activities: Investment activities mainly consisted from the annual expenditure for upgrading and maintenance of relevant equipment. Financing activities mainly consisted of repayment of loans from financial institutions and distribution of cash dividends.

(II) Liquidity contingency plan and liquidity analysis: None.

(III) Cash flow analysis for the coming year:

1. Cash flow from operating activities: The industry development is anticipated to be stable and YFY can maintain a steady operating cash inflow.
2. Cash flow from investing activities: Mainly consisted of the annual capital expenditure on the upgrading and maintenance of relevant equipment.
3. Cash flow from financing activities: Bank loans and repayments are arranged based on the cash flows from overall operating and investing activities.

IV. Major capital expenditures and impact on financial operations in last year:

Forest, Pulp and Paper Business Group:

- (1) In 2021, CHP purchased the new Kuanyin Mill in Taoyuan City, to become the base for developing non-plastic materials and total recyclable products.
- (2) The renewal of the cogeneration system in Hualien Mill is to achieve green economy goals and comply with relevant policies and regulations; moreover, it has helped to improve production efficiency, which will lowering the cost as well.
- (3) Hualien Mill continues to invest in equipment for pulp molded products and food-safety paper. To develop new products for new markets, increase production capacity and expand sales network in order to optimize profits from product lines.
- (4) Guangdong Dingfeng Mill had renewed its process equipment, including adding low-emission equipment in reducing the number of remainders to meet environmental protection regulations. At the same time, we have been replacing the old pulping equipment with new ones, which not only improves energy efficiency, but also enhances production, quality and competitiveness.

Containerboard and Packaging Business Group:

(1) Xinwu Industrial Paper Plant

1. Planned to replace and/or upgrade production equipment to enhance product competitiveness.

2. The phase 1 and phase 2 investments in the biogas power generation facilities converted process wastes into renewable energy and increased proceeds from green energy.
3. Continued planning to replace and/or upgrade cogeneration equipment and invested in boiler refurbishment in 2021 to enhance the ability to process fuels other than coal and aim to reduce coal consumption
4. Planned to complete the solar roof construction in 2022.

(1) Taiwan Corrugated Container Plants

1. Continued to replace and/or upgrade corrugators in northern and southern part of Taiwan and added printing presses for related plants. Meanwhile, acquired Xinwu Corrugated Container Plant in Taoyuan City.
2. All plants will gradually adopt automated logistics systems in 2022 to increase production capacity, realize process automation, improve working environment, enhance industrial safety, and comprehensively enhance industrial competitiveness.

- (2) Vietnam Corrugated Container Plants:** Both the Dong Nai Plant and the Long An Plant in Southern in Vietnam replaced their corrugators and officially put into operation in 2021 to expand production capacity and to increase market share.

Consumer Products Business Group:

1. To implement energy transition and pay attention to environmental protection, we will invest the 2nd-phase solar power generation in Chinshui plant and improve operation efficiency while control emissions of boilers when replace fossil fuel with Solid Recovered Fuel (SRF) to meet high-standard control point.
2. To create safety workplace environment, increase capacity, and improve quality control, we continuously replace old production equipment and upgrade to automatic converting system.
3. The improved business competitiveness driven the growth in revenue of related products for the group. Working capitals for capital expenditures are sourced from its funds and bank loans. This year and last year's interest expenditures were equivalent and there were no material impact on its finance situation.

V. Investment policy, reasons for profit or loss, improvement plans, and investment plans for coming year:

- (1) Reinvestment policy, reasons for profit or loss, improvement plans, and investment plans for next year**

Major reinvestment projects of the Company and its subsidiaries are mainly part of the Company's long-term development strategy, with the main focus on printing paper, advanced energy conservation technologies, medical biotechnology, financial businesses, and new creations. In recent years, the Company also continued to streamline its non-core investments. By focusing resources on strategic investment, which is consistent with the Company's long-term development ideal, to deepen vertical integration benefits and pursue maximum return on investment.

Investment assessment aspects include: Sales growth, R&D capacity enhancement, production efficiency increase, product quality improvement, and the potential for earning a profit in the future. Taking into account the financial investment benefits and the corresponding risks, investment methods and amounts are then

decided. In terms of post-investment management, the Company regularly reviews the performance of each reinvestment project. If there is a significant drop in performance or deviation from the standards of similar industries, we require the company to develop improvement plans in order to achieve our original investment objectives.

- Forest, Pulp and Paper Business Group: Because of the continuous increase in coal prices, the shortage of vessels and containers and the unfavorable sea freight rates have not been alleviated, while the high prices of raw materials such as wood chips, pulp and chemicals have affected profitability. In the future, we will continue to review coal consumption and energy costs, expand the scale of green power and renewable energy, and appropriately adjust our sales inventory strategy to improve profitability.
- Containerboard and Packaging Business Group: Due to the regional shutdown caused by the epidemic in China, the capacity utilization rate of the Yangzhou plant is low, resulting in high unit costs, and the implementation of energy consumption restrictions in China has led to a significant increase in energy costs. The Yangzhou plant will continue to improve production efficiency, secure production materials, reduce costs, and stabilize the supply ratio of its own corrugated container plant in order to promote energy consumption reduction, waste reduction, development of high quality products, and improve the responsiveness of the local market by responding to the concept of green economy.
- Consumer Products Business Group: We continue to focus on the paper product business and accelerate the expansion of the cleaning products market. Focus on consumer demands and deepen the brand positioning. Invest in the development of innovative products, including household products, commercial products, and a diversity of products for personal use to provide high-quality products. The subsidiary shall continue to enhance automated production capacity, optimize process layout, and strengthen cost control to improve operational competitiveness.

(2) Investment Plans for the Coming Year

1. The main objective of developing subsidiary investments is to enhance vertical integration and develop other businesses, and the key consideration is to facilitate the development of the Company's subsidiaries so that they can complement each other and achieve synergy.
2. Resource integration and complementarity will be enforced among the invested companies and their core competitiveness strengthened in order to enhance their business performance.

VI. Risk analysis and assessment in the last fiscal year and up to the publication date of this annual report:

(I). The impact upon the company's balance sheet of inflation and changes in interest and exchange rates, and the measures the company plans to adopt in response

1. Interest rate

The global economy was showing a strong recovery in 2021 due to the gradual popularization of COVID-19 vaccination coverage in major countries around the world and the continued monetary easing in the United States, Europe and Japan to stimulate the economy. However, the ample global liquidity and the global supply bottlenecks affected by COVID-19 caused the inflation stays at the elevated levels. Therefore, The Fed began to taper its current bond-buying program in November 2021, prepared to adjust the stance of monetary policy, and started to raise the Fed reserve rate in March 2022. In 2021, Taiwan benefited from order transfer due to the prevention the major outbreak of

COVID-19, making Taiwan one of the few economies with sustained high growth coupled with stable domestic prices. The Central Bank of Taiwan kept interest rates unchanged in 2021, and the market interest rate of the NTD had also remained stable. However, the Central Bank of Taiwan has raised the interest rate once after the Fed's board meeting in March 2022. The market interest of the NTD also started to raise.

Response measures: As the impact of COVID-19 on the global economy is gradually abating, the ample global liquidity, the global supply bottlenecks and tight labor market have made the Fed officials shift the focus of monetary policy to price stability goal. The Fed would raise several interest rate hikes in 2022. The Central Bank of Taiwan would also follow up with a gradual increase in interest rates to maintain price stability. The Company will evaluate the liability positions and financing policies regularly and flexibly to effectively reduce the Company's interest expenses.

3. Exchange Rate:

The economy and employment in the United States had recovered from the COVID-19 epidemic in 2021. Tight employment market and global supply chain bottleneck caused continuous high inflation rate, forced the Federal Reserve to enhance the forecast of the Federal Funds Rate of 2022 and 2023. Under these circumstances, the international USD exchange rate got higher, and the major currency EUR, JPY and AUD went fall. However, growing trade performance lead the appreciation of RMB to 6.37. Excellent economic and trade performance in Taiwan from 2020 to 2021, and continuous foreign capital inflow lead the appreciation of TWD at the same time. Major exchange rate risks faced by the Company are FCY loans from China. In 2021, the Company continued to dynamically adjust RMB hedging ratio and implement response measures for hedging and cost control in order to reduce the fluctuations in currency exchange gain or loss.

Response measures: Looking forward to 2022, central bank of major countries adopt tighten monetary policy, and the uncertainties in the COVID-19 pandemic will continue to cloud the global economic outlook. The fluctuations of foreign exchange rates remain affected by numerous variables. The Company will take into account exchange rate risks and hedging costs, and make appropriate financial and hedging strategies to reduce the negative impact of exchange rate fluctuations on the Company's overall operations.

4. Inflation:

The continuous increase in the vaccination rate of major countries in the world led to a strong recovery in overall global demand, which led to a sharp rise in global commodity prices. However, the inefficiency of global logistics which caused by the COVID-19 lifted transportation costs to an elevated price, exacerbating upward pressure on prices. Fortunately, the appreciation of the TWD in 2021 reduced the overall inflationary pressure in Taiwan, and the overall domestic price remained stable. The CPI was 1.96% in 2021. Although it was the highest in 13 years, the core CPI (CPI excluding energy and fruits and vegetables) was 1.33%, indicating that prices were stable.

In 2022, the Central Bank of Taiwan preliminary estimated that CPI and core CPI in 2022 will increase annually by 2.37% and 2.03%. As commodity prices had generally risen sharply in 2021, the global inflation pressure should be expected to fall gradually as commodity prices were about to be more stabilized. But the outbreak of war between Russia and Ukraine raises the uncertainty of global commodity prices to increase, the period of global high inflation pressure may extend. Up to the

printing date of this annual report, inflation does not exert a material impact on the Company ;however, due to factors such as global carbon reduction and competition between China and the United States, the impact of the COVID-19 on global logistics and supply chains, and geopolitical tensions, commodity prices are still at risk of substantial fluctuations. In the future, we still need to pay close attention to the risks caused by those related factors.

(II) . High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company has not invested in high risk and high leverage instruments. For example, the utilization of short-term idle funds focuses on trading of notes or bonds under repurchase agreements and subscriptions of money market funds.

The Company adheres to its Procedure for Lending Funds to Other Parties and Procedures of Making of Endorsement and Guarantees when lending funds to others and providing endorsements and guarantees. Principally, funds or endorsement/guarantees are extended between affiliated parent companies and subsidiaries for financial and business purposes.

The Company engages in derivative transactions in accordance with its Procedure for Processing Derivative Transactions so as to clearly define the purposes of each transaction, which must be primarily hedging. The derivatives operated in 2021 are primarily aimed at avoiding RMB exchange rate risks. The hedging ratio is adjusted with due consideration given to the hedge cost and exchange rate risk of derivatives to mitigate the effects of RMB exchange rate fluctuations.

(III) . Future research and development projects, and expenditures expected in connection therewith:

The Company's major R&D investment plans in 2022 include:

- | | |
|--------------------------------|-----------------------|
| ● Paper product R&D | NT\$ 52,447thousand. |
| ● Special material development | NT\$ 34,443 thousand. |
| ● Material analysis | NT\$ 38,976 thousand. |

R&D expenses listed above do not include investments in product development, new technology development, and equipment modifications.

(IV) . The impact upon the company's financial operations of important policy and legal developments at home and abroad, and the measures the company plans to adopt in response:

For the purpose of managing legal risks as a whole, the Company has established the Legal Department to be responsible for preventing legal risks due to regulation changes. When important policy and legislative changes in Taiwan and overseas have a potential impact on the Company's financial or sales performance, the responsible departments will cooperate with the Legal Department to devise the Company's response measures. In case of any noncompliance with newly promulgated laws in the Company's internal guidelines and operating procedures, the responsible departments will make the necessary changes and corrections to effectively manage and reduce the Company's legal risks.

(V) .The impact on the company's financial operations of developments in science and technology

(including cyber security risk) and industry, and the measures the company plans to adopt in response:

Industries invested in by the Company strive for new achievements in innovation and R&D. In the development of various industries, we use various technologies to enhance product quality, production capacity, and production volume, as well as strengthen existing competitive advantages in order to pursue sustainable management.

With the rapid change in technology and the popularity of Internet usage, businesses and individuals are facing serious information security risks and challenges. For YFY, information security management requires a combination of "hardware and software": equipment, technology (hardware), and personnel security awareness (software) are significant. Through a dedicated information security management platform and team, the entire conglomerate is able to make the best use of resources, and to utilize as management, while keep upgrading information security network equipment and mechanisms in an appropriate and centralized manner. In order to keep the information security protection up-to-date. Overall, we will continuously striving the awareness of information security risks among our staffs to strengthen the various lines of defense of information security.

The company's information security policy focuses on the use of technology and information security management. Through the complementary interaction between individuals, machines, software, and hardware, it will lead to the development of information security management network. Meanwhile installs the firewalls setting, server room management, user information security management, plant information security management, and implements established policies. We have regularly discussed with our information management colleagues about factory information security issues, trends, and related enhancement measures. Through our training, we are able to optimize the information security environment maintenance and risk awareness level of our employees in each factory each year.

In the current era of Internet of Things, no individuals nor business entities are safe from information security risks that has hidden in every corner of network. YFY not only endeavors to comply with government policies but also following intranet regulations regarding to information security. The Company also fulfills responsibilities to complete routine tasks related to information security management in order to minimize technology related operational risks for the entire conglomerate.

(VI) . The impact of changes in the company's image upon its crisis management, and the measures the company plans to adopt in response

Facing the challenges of global climate change and the goal of net-zero carbon emissions by 2050, YFY, which started out as an agricultural company, has proposed the renaissance concept of "Saccharides." YFY continuously accumulates the corporate capital with the focus of circular economy and the axis of ESG concepts. Moving towards YFY's three major goals in the next 100 years: Low carbon, Low energy, and De-fossil while committing to the research, development, and innovation of the fields of energy, materials, and digitalization. Let the industry and environment coexist and flourish together under the development of sustainability.

Before the petroleum era, human beings used forests and agriculture as their main resources. Industrialization began to create carbon emissions and footprint while agriculture and forestry are industries that can contribute to carbon fixation and the reduction of carbon footprint. YFY started the business with

agriculture and laid the foundation of the business with paper manufacturing. In the process of paper manufacturing, from planting forests, making pulp and paper to reusing waste materials, YFY has gradually completed the five major cycles that included the cycle of waste, paper, water, renewable energy, and carbon. Those elements are all closely related to "Saccharides." In this era, we should return to nature as well as to understand the concept of "Saccharides" is highly irreplaceable for all human beings, species and our living environment.

In terms of the E (environment), YFY is looking for a new solution for the sustainable development of the earth through "Saccharides". YFY has been using bagasse from Saccharides mills as a raw material to make paper since the beginning of the papermaking business, and after more than 70 years, the concept of full circular economy has become the DNA of all YFY employees. While engaging in manufacturing, we also have found new energy sources to replace fossil fuels in the paper manufacturing process in order to support the United Nations Sustainable Development Goals (SDGs) and the Executive Yuan's Sustainable Development Policy Guidelines, and to fulfill our corporate social responsibility. For example, YFY Packaging Inc.'s biogas power generation and SRF zero coal-fired boilers are models of circular economy in Taiwan. At the end of 2021, YFY received three major awards from the Taiwan Corporate Sustainability Awards. The jury recognized YFY's circular economy as a benchmark and a leader in optimizing the use of resources and developing innovative business models with economic, environmental, and social benefits. In addition, YFY's project of biogas renewable energy power generation was awarded for "18th National Innovation Award - Enterprise Innovation Award."

In terms of product innovation, YFY's Chung Hwa Pulp launched the CircuWell series of non-plastic food safety paper solutions, which break through the plastic lamination process of traditional paper containers. It can be recycled directly as general paper after use, eliminated the needs for additional sorting and recycling, and effectively solved the massive waste that generated by 250 billion hard-to-recycle disposable containers used worldwide each year. In order to achieve plastic reduction, carbon, reduction, and waste reduction.

S(social), the social participation focuses on three main axes, one of which is to take the factory as the center of the circle and care for the disadvantaged neighborhood around it. Part of the raw materials for YFY's production comes from recycled paper, which collected through the hard work of recyclers. Since 2019, YFY has taken the initiative to negotiate with the Environmental Protection Bureau of Taoyuan City Government to join the "Winter Charity Campaign for Disadvantaged Recyclers" held by the Environmental Maintenance and Inspection Division every year, and has cared for more than 650 households over the past three years. Moreover, the Xinwu plant has responded to this campaign and cared for those who suffer from harsh living conditions around the neighborhoods. Secondly, with the idea of "Full Circle Economy," we support and care for the Xuan Yi Association for years, which was founded by mothers of cerebral palsy disorder children. We appreciated their ideas of zero waste in fashionable full circle economy; therefore, not only sponsoring Mayflower toilet paper and Orange House laundry detergent, but also facilitating them with upgrading hardware, such as industrial washing machines, tailoring machines, and copy machines. Third, using "paper" as the carrier for six consecutive years, 53 volunteers of YFY employees have chaperoned and participated over 3,700 hours with children from Taitung Guanshan Family Support Foundation by spending times and reading stories together via video calls.

G(governance)-Corporate governance, YFY focuses on shareholders' rights and interests, and regularly discloses corporate information to the public and operates transparently. On November 13th, 2018, YFY's Board of Directors approved the Corporate Governance Guideline and has assigned a dedicated corporate governance team in responsible for corporate governance-related operations. In addition, a stakeholder section has been set up on the corporate website, with detailed contact information for employees, customers, suppliers/contractors, shareholders/investors, consumers, media and other stakeholders, so as to appropriately respond to important CSR issues of concern to stakeholders. In 2021, we established the "Sustainable Development Committee", which consists of corporate governance, environmental sustainability, employee relations, supply chain, stakeholder, and social engagement groups. In addition, we hold regular corporate presentations for institutional investors and issue regular press releases to provide a diverse and transparent channel for stakeholders to have better understanding of the company's information.

For YFY, corporate image and crisis management are important issues that are two sides of the same coin and have the same goal. As long as all of our employees are committed to the ESG circular economy, the company will become healthier and consumers, investors, and other stakeholders will have a strong level of trust, which will effectively reduce the impact of visible and invisible crises.

(VII) The expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response: N/A.

(VIII) The expected benefits and potential risks of any plant expansion, and measures to be adopted in response:

In July 2021, the Containerboard and Packaging Business Group acquired Xinwu Corrugated Container Plant as a new service location in northern Taiwan to increase the capacity of serving corrugated container customers and provide diversified product portfolio. By working together with Xinwu plant to provide customers with one-stop and fast services by integrating upstream, midstream and downstream. With the development of global green packaging trend, it will help to enhance the operation and growth momentum of Containerboard and Packaging Business Group.

(IX) The risks associated with any consolidation of sales or purchasing operations, and measures to be adopted in response:

The Company's sources of procurement and sales channels remain stable; there are no concentration risks.

(X) Effect upon and risk to the company if a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and measures to be adopted in response:

The composition of directors, supervisors, or shareholders holding more than 10% of the Company's shares and the shareholding ratio are stable. As of the print date of this annual report, there are not large transfers. Equity transfer or conversion is considered a normal financial transaction for shareholders, which does not have a significant impact on the Company. The Company's directors and major shareholders always maintain open channels of communication.

(XI) Effect upon and risk to the company associated with any change in governance personnel or top management, and measures to be adopted in response: The Company is not exposed to the risks of change in governance.

(XII) Litigation or non-litigation events associated with the Company and its subsidiaries:

1. YFY INC.:

1. On June 20, 2011, YFY Global, a subsidiary of the Company, purchased the shares of Giant Crystal (a subsidiary of Sanbao Group) at US\$8.5 million exchangeable bond and used the equity of the company Star City as exchangeable target. On August 11, 2017, YFY Global received US\$12.39 million in payment for the redemption of exchangeable bonds, including principal and interest, equivalent to roughly 45% in return on investment. However, the Taipei District Prosecutor's Office believed that the Company's directors S. C. Ho, Melody Chiu, and four other employees committed a special breach of trust in accordance with Subparagraph 3, Paragraph 1, Article 171 of the Securities and Exchange Act. The involved parties were prosecuted in August 2017. Although the Company did not sustain any loss or damages to shareholder equity, the Taipei District Court still sentenced 4 of 6 individuals of the Company on November 20, 2020, including the Director S. C. Ho and former Director Melody Chiu, to fixed-term imprisonment for special breach of trust of 8 years and 6 months, 4 years and 8 months, 4 years and 6 months, and 4 years. The other 2 individuals were found not guilty. The prosecutor has not filed an appeal for the 2 individuals who were found not guilty, and they have been acquitted on all charges. The remaining 4 individuals objected to the guilty verdict in the original court and have filed appeals, which are now processed in Taiwan High Court.
2. The Securities and Futures Investors Protection Center took legal actions against Shin Foong Specialty and Applied Materials and directors S. C. Ho and Melody Chiu in accordance with Subparagraph 2, Paragraph 1, Article 10-1 of the Securities Investor and Futures Trader Protection Act, and proposed to dismiss them. The court cost arising from this matter totaled NT\$1.65 million. Former Directors S. C. Ho and Melody Chiu no longer serve as the Director of the Company and the case is still on trial at Taipei District Court.

2. YFY Packaging Inc.

- (1) YFY's subsidiary, YFY Packaging Inc., signed the "Pulp Disperser Paper Reject Gasification Processing Contract" with Taiwan Clean Energy Technology Co., Ltd. on June 1, 2011 to process the light paper reject at the Xinwu plant. After the parties signed the contract, Xinwu Plant questioned whether the gasification boiler installed by Taiwan Clean Energy Technology Co., Ltd. could satisfy the mass production requirements of Xinwu plant and questioned the stability and safety risks of the gasification boiler. Xinwu plant thus notified the other party to suspend the project. Taiwan Clean Energy Technology Co., Ltd. believed that it suffered damages as a result of the suspension and filed a suit in court requesting compensation of NT\$120 million from YFY Packaging Inc. Taipei District Court rejected the appeal but Taiwan Clean Energy Technology Co., Ltd. was dissatisfied and filed an appeal for compensation for NT\$40 million. Taiwan High Court rejected the appeal in a ruling on October 27, 2020. Taiwan Clean Energy Technology Co., Ltd. remained dissatisfied and filed another appeal. The Supreme Court has ruled to reject its appeal on January

(XIII) Other important risks and measures to be adopted in response:

1. Other important risks:

In addition to implementing management guidelines for internal management in accordance with the law, the Company also devises rules to be followed by different departments. Business risks are diversified and managed by each subsidiary according to their respective functions, and the management of each

functional unit is coordinated by the management headquarters.

2. Organizational structure of response measures and risk management:

The Company's business risks are decentralized and managed by each business department according to the respective functions, and the management of each functional unit is coordinated by the management headquarters.

Department responsibilities are as follows:

Business Group/ Department	Business (Responsibilities)	Corresponding risks
Forest, Pulp and Paper BG	Operations in paper stationery products, special paper, paperboard, pulp and chemical products	Risks related to operation and market change
Containerboard and packaging BG	Operations in industrial paper, cardboard boxes, color boxes, and food containers	Risks related to operation and market change
Consumer products BG	Operations in household paper and cleaning products	Risks related to operation and market change
Auditing Office	The Office performs ad hoc reviews to inspect the degree of guideline compliance, and the Board of Directors determines the overall business direction for the Company. The Office is also responsible for internal audit and process management.	Guidelines and process
Human Resources Department	Human resources management and organization development	Risks related to management and regulation change
Corporate Affairs	Corporate internal and external communication, image maintenance	Corporate image
ESG	1. Identify major ESG issues and develop management policies for short, medium, and long-term goals as well as the implementation plans. 2. Strengthen the Board of Directors and ESG performance monitoring and management in building stakeholder trust.	Risks and opportunities related to environmental, social, cooperate governance management, and cooperate images.
Corporate resources	Administrative general affairs	Risks related to management and regulation change
Legal Department	Legal affairs, contracts, patents, and other intellectual property rights related affairs	Laws and policies, litigious and no litigious matters
Research & Development Center	New product and paper development and technology enhancement	R&D projects and investments
Center of Corporate Finance	Investment analysis, financial management, and fund utilization management	Interest rate, exchange rate, inflation, investment, acquisition, laws, share
Accounting Department	Accounting administration	Laws and policies
Procurement Department	Procurement, logistics, imports and exports, and property management	Plant expansion, purchases
IT Department	Information management planning, system development and maintenance	Information security

VII. Other material disclosures: None.

Chapter 8. Special Disclosure

- I. Information of Affiliates
- II. Progress of Private Placement of Securities during the Last Year and Up to the Print Date of the Annual Report
- III. Holding or Disposal of the Company's Shares by Subsidiaries in the Past year and Up to the Print Date of the Annual Report
- IV. Other supplemental information
- V. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report

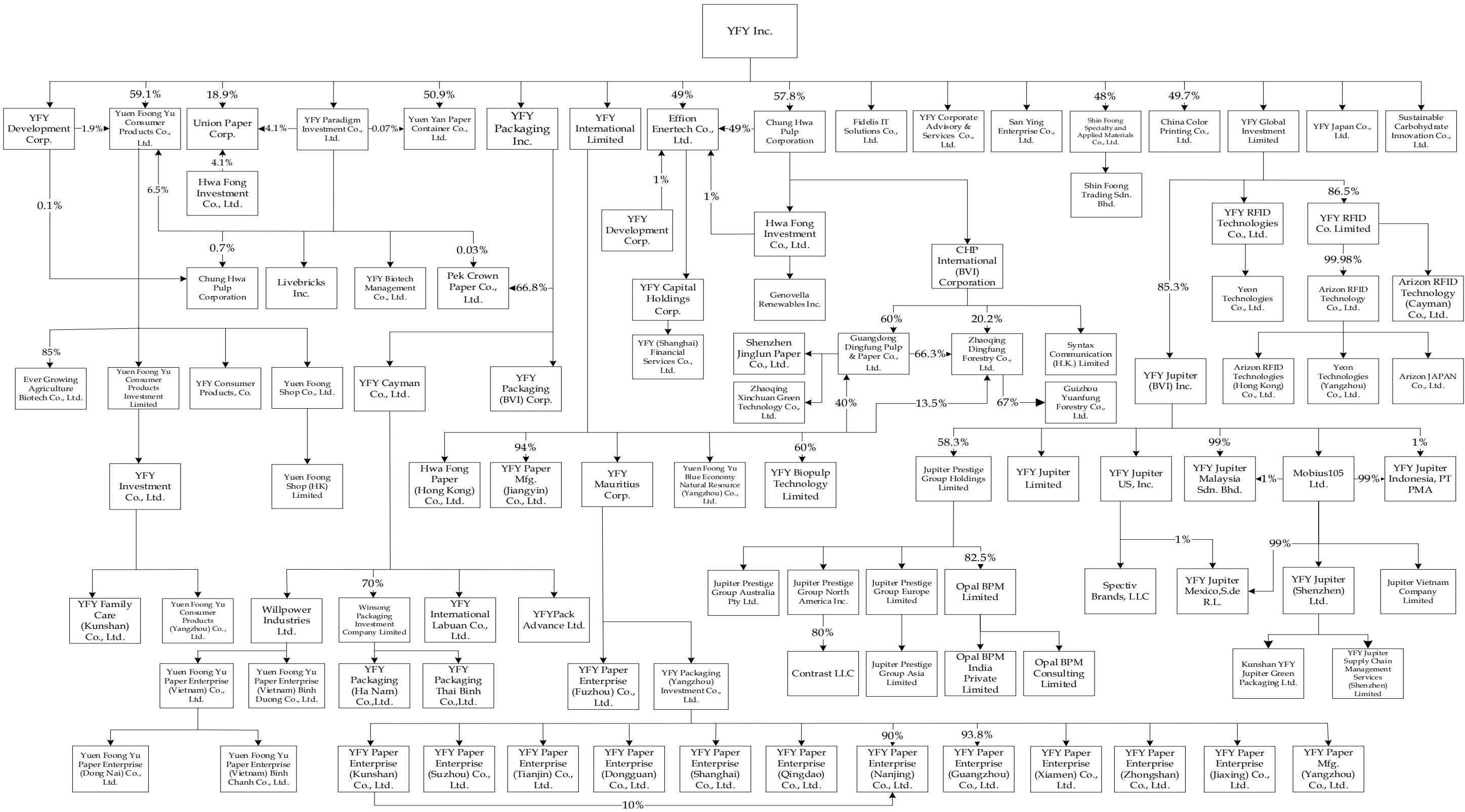
I. Information of Affiliates

(1) Organization chart of affiliates

YFY INC. AND SUBSIDIARIES

DIAGRAM OF INVESTMENT STRUCTURE

DECEMBER 31, 2021



Note : 100% of Ownership, Unless Otherwise Stated.

(II) Basic information of the various affiliated enterprises

Up to December 31, 2021

Unit: thousand NT\$ (NT\$ unless otherwise specified)

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
YFY International Limited	1989/11/30	4 Asias Street, 3050 Limassol, Cyprus	USD 363,690	General investment.
YFY Biopulp Technology Limited	2012/10/30	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 150	General investment.
Hwa Fong Paper (Hong Kong) Co., Ltd.	1993/06/14	2F, No. 22-28, Shatin Industrial Building, Wo Shui Rd., Fo Tan, Shatin, NT, HK	HKD 116,000	Trading, printing and sales of all types of paper products; paper-related businesses.
YFY Paper MFG. (Jiangyin) Co., Ltd.	1993/11/08	Room 1307, 13F, No. 55 Xili Rd., Pilot Free Trade Zone, Shanghai	USD 14,900	Production, processing and sales of all types of paper and paperboard.
YFY Mauritius Corp.	2003/01/16	2nd Floor, Cerne House, La Chaussee, Port Louis, Mauritius	USD 312,502	General investment.
Yuen Foong Yu Paper Enterprise (Fuzhou) Co., Ltd.	2004/02/11	No. 17, Changxing East Road, Mawei District, Fujian County, Fuzhou	USD 5,000	Production, printing and sales of all types of paperboard and cardboard boxes.
YFY Packaging (Yangzhou) Investment Co., Ltd.	2012/12/05	No. 168, Chuen Jiang Rd., Economic Development Park, Yangzhou, Jiangsu	USD 331,365	General investment, paper products and trading of paper products.
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	2004/11/24	No. 168, Chuen Jiang Rd., Economic Development Park, Yangzhou, Jiangsu	USD 244,695	Production sales of all types of paper and paperboard.
Yuen Foong Yu Paper Enterprise (Jiaxing) Co., Ltd.	2003/11/24	No. 795, Zhong Shan W. Rd. and Xiuxin Rd., Xiu Zhou Industrial District, Jiaxing	USD 5,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yuen Foong Yu Paper Enterprise (Shanghai) Co., Ltd.	2003/01/24	No. 1236, Guinan Road, Shihudang Town, Songjiang District, Shanghai	USD 8,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yuen Foong Yu Paper Enterprise (Suzhou) Co., Ltd.	2002/01/31	No. 168, Yin Zhong S. Rd. and Jiang Xing Rd., Hedong Industrial Zone, Wuzhong Economic Development Area, Suzhou Industrial District, Jiangsu	USD 7,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yongfeng Yu Paper (Kunshan) Company	1995/08/10	No. 999, YFY Rd., Yu Shan Town, Kunshan, Jiangsu	USD 11,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yuen Foong Yu Paper Enterprise (Nanjing) Co., Ltd.	2001/08/24	No. 1-2, Hengtai Rd., Nanjing Economic and Technological Development Zone, Nanjing, Jiangsu Province	USD 9,959	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Paper Enterprise (Qingdao) Co., Ltd.	2002/11/15	Liu Ting Industrial Park, Liu Ting, Cheng Yang District, Qingdao, Shandong	USD 8,000	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Paper Enterprise (Tianjin) Co., Ltd.	2001/11/08	No. 19 Shuangchenzhong Rd., Beichen Development District, Tianjin	USD 8,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yuen Foong Yu Paper Enterprise (Dongguan) Co., Ltd.	2003/03/11	Fong Yien Industrial Park, Yentien Section, Longping Rd., Fenggang Town, Dong Guan, Guangdong Province	USD 6,000	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Paper Enterprise (Zhongshan) Co., Ltd.	2001/05/16	No. 189, Yixian Rd., Torch Development District, Zhongshan, Guangdong	USD 6,000	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Papers (Xiamen) Co., Ltd.	1990/03/26	No.6-12 Changhe Rd., Xinyuan Building, Upper Warehouse District, Huli Zhai, Xiamen, Fujian	USD 6,500	Production, printing and sales of all types of paperboard and cardboard boxes.

Unit: thousand NT\$ (NT\$ unless otherwise specified)

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Yuen Foong Yu Papers (Guangzhou) Co., Ltd.	1990/10/30	No. 5, Siayuan Rd., Economic Technology Development District, Huangpu, Guangzhou, Guangdong	USD 9,500	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	2011/05/18	No. 168, Chuen Jiang Rd., Bali Town, Economic Development Park, Yuangzhou, Jiangsu	USD 8,000	Development of agricultural recycling and production technologies and related consulting and services.
YFY Japan Co., Ltd.	1990/11/26	3-2-11 Nishishinjuku, Shinjuku, Tokyo, Japan	JPY 10,000	Import and export of paper and related chemical materials; trading of related equipment.
YFY Development Corp.	1986/12/30	14F, 51, Chongqing S. Road Sec. 2, Taipei	1,685,000	Real estate investment and development.
Fidelis IT Solutions Co., Ltd.	2000/07/06	15F, 51, Chongqing S. Road Sec. 2, Taipei`	28,570	Wholesale and retail of information software, data processing, electronics, information supply services and related equipment.
Yuen Yan Paper Co., Ltd.	1995/10/16	No. 8-1 , Dapu Ding , Gongguanli, Zhunan Town, Miaoli	121,275	Production, trade and import/export of corrugated boards and corrugated boxes.
China Color Printing Co., Ltd.	1961/09/27	No. 229 , Baoqiao Road , Xindian District , New Taipei	662,486	Printing, photography, board making, binding and planning and design services.
YFY Consumer Products Co., Ltd.	1986/10/29	16F, 51, Chongqing S. Road Sec. 2, Taipei`	2,671,290	Production and sales of paper, paper products and household cleaning products.
Yuen Foong Yu Consumer Products Investment Limited	2004/11/08	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 150,013	General investment.
YFY Investment Co., Ltd.	2008/11/26	Rm. 301, 3F, Honghui Xinhui Garden, No. 6, Alley 4718, Gonghexin Rd., Jing'an District, Shanghai	USD 115,000	General investment and trading of paper products.
Yuen Foong Yu Family Care (Kunshan) Co., Ltd.	2004/12/28	No. 999, YFY Rd., Yu Shan Town, Kunshan, Jiangsu	USD 30,000	Production and sales of toilet paper, paper towels and napkins.
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	2011/11/18	No. 168, Chuen Jiang Rd., Economic Development Park, Yuangzhou, Jiangsu	USD 30,000 _	Production and sales of toilet paper, paper towels and napkins.
Ever Growing Agriculture Biotechnology Co., Ltd.	1999/11/27	16F, 51, Chongqing S. Road Sec. 2, Taipei`	214 , 557	Manufacturing and wholesale of agricultural services, fertilizers and cleaning products.
Yuen Foong Shop Co., Ltd.	2014/ 09/19	16F, 51, Chongqing S. Road Sec. 2, Taipei	50,000	Wholesale retail industry.
Yuen Foong Shop (Hong Kong) Co., Ltd.	2017/03/24	Rm 1702, Sino Centre, 582-592 Nathan Rd., MK, Kln. HK	HKD 0	International trade and selling of household products.
YFY Consumer Products, Co.	2021/02/08	8 The Green, STE A, Dover, DE 19901, USA	USD 0	IP management and sale of consumer products by e-commerce
Shin Foong Specialty and Applied Materials Co., Ltd.	1979/07/17	No. 55 , Section 3 , Zhongshan, Taiyuan Village, Fangliao Township, Pingtung	1,061,741	Production and sales of latex and adhesives.
Shin Foong Trading Sdn. Bhd.	2020/02/18	C23A, Tidi Plaza Jalan Wan Kadir 3 Taman Tun Dr Ismail 60000 Kuala Lumpur WP Kuala Lumpur Malaysia	MYR 1,500	Trading of synthetic rubber emulsion and industrial chemical products.

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
San Ying Enterprise Co., Ltd.	1962/04/14	11F, 51, Chongqing S. Road Sec. 2, Taipei	25,000	Engineering of various water treatment and design and construction of measurement facilities used in environmental pollution prevention engineering.
YFY Paradigm Investment Co., Ltd.	1987/10/23	14F, 51, Chongqing S. Road Sec. 2, Taipei`	1,555,500	General investment.
YFY Biotech Management Company	2003/11/27	14F, 51, Chongqing S. Road Sec. 2, Taipei	264,300	Investment consulting
Livebricks Inc.	2012/02/09	16F, 51, Chongqing S. Road Sec. 2, Taipei`	77,000	Information processing services.
Union Paper Corp.	1973/05/08	No. 65 , Ruinong, Linzhong Village, Linnei Township, Yunlin	1,035,300	Production, processing, and selling of paper products.
YFY Global Investment Limited	1989/11/30	4 Asias Street, 3050 Limassol, Cyprus	USD 79,000	General investment.
YFY RFID Technologies Co., Ltd.	2004/08/05	Palm Grove House PO Box 438, Road Town, Tortola, British Virgin Islands	USD 5,330	General investment.
YEON Technologies Co., Ltd.	2006/09/22	17F, 51, Chongqing S. Road Sec. 2, Taipei`	25,000	Design, sell RFID products and provide related system integration services.
YFY Jupiter Limited	2005/11/30	Portcullis Chambers, 4 th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands s VG1110	USD 1,308	General investment.
YFY Jupiter Limited	1997/06/02	1501- 2 , 15/F. Yen Sheng Centre, 64 Hoi Yuen Road Kwun Tong, Kow loon, Hong Kong	HKD 0.003	Packaging design and paper trading.
YFY Jupiter US, Inc.	2014/09/27	404 S 2nd Street, First Floor, St. Charles, IL 60174, USA	USD 1	Packaging design and paper trading.
Mobius105 Ltd.	2006/07/25	1501- 2 , 15/F. Yen Sheng Centre, 64 Hoi Yuen Road Kwun Tong, Kow loon, Hong Kong	HKD 10	General investment.
YFY Jupiter Trading (Shenzhen) Ltd.	2007/11/27	Unit 410, Xinggang Tongchuanghui Tianshu Building, No. 6099, Bao'an Boulevard, Qiaotou Community, Fuhai Neighborhood, Bao'an District, Shenzhen, Guangdong	USD 350	Packaging design and paper trading.
Kunshan YFY Jupiter Green Packing Ltd.	2012/01/17	Plant 4, No. 999, YFY Rd., Yu Shan Town, Kunshan, Jiangsu	RMB 2,000	Packaging design and paper trading.
Jupiter Supply Chain Management Services (Shenzhen) Co.	2015/05/21	Room 201, Building A, No. 1, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, Guangdong	RMB 5,000	Supply chain management-related services.
Jupiter Prestige Group Holdings Limited	2012/05/01	TAH House, Aviation Way, Southend-On-Sea, Essex SS2 6UN	GBP 151	General investment.
Jupiter Prestige Group North America Inc.	2005/07/13	180 W.Adams Street, 2th Floor, Chicago, IL 60603,USA	USD 1	Graphic design.

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Opal BPM Limited	2013/11/08	48-50 St John Street, London, ECM4DG	USD 1.676	Process system design and support.
Opal BPM India Private Limited	2015/10/21	436 Level-4, 6/24, East Patel Nagar, New Delhi 110008, Delhi, India	INR 100	System process coding.
Jupiter Prestige Group Australia PTY Ltd.	2012/01/19	Coles Store Support Centre, L2 M7 800 Toorak Road, Hawthorn East VIC 3123	USD 0.09	Graphic design.
Jupiter Prestige Group Europe Ltd.	2003/02/03	TAH House, Aviation Way, Southend-On-Sea, Essex SS2 6UN	USD 51	Graphic design.
Jupiter Prestige Group Asia Ltd.	2010/06/17	17/F Yen Sheng Centre, 64 Hoi Yuen Road Kwun Tong, Kowloon, Hong Kong	HKD 0.1	Graphic design.
YFY Jupiter Malaysia Sdn. Bhd .	2016/01/12	Level 2, No.11, Jalan PJU 1A/41B, NZX Commercial Centre, Ara Jaya, 47301 Petaling Jaya, Selangor	MYR 1,000	Package design.
YFY Jupiter Mexico, S. de RL	2016/03/14	Ciudad Juarez, Chihuahua, Mexico	MXN 3	Package design.
Spectiv Brands, LLC	2017/03/17	121 South 8th Street, Suite 800, Minneapolis, MN 55402	USD 0	Product distribution.
Opal BPM Consulting Limited	2017/04/28	601 London Load, Westcliff-on-sea, Essex, SS0 9PE	GBP 1	System-related consulting services.
Contrast LLC	2018/01/12	3411 Silverside Road, Tatnall Building Ste 104, Wilmington, New Castle, DE 19810, USA	USD 1 72.5	Brand design.
YFY Jupiter Indonesia, PT PMA	2018/07/30	Satrio Tower Jalan Prof. Dr. Satrio Lot C4 Unit 1 Lantai 6	IDR 2,500,000	Package design.
Jupiter Vietnam Company Limited	2018/10/02	Floor 1, H3 Building, No. 384 Hoang Dieu Street, Ward 6, District 4, Ho Chi Minh City, Vietnam	VND 1,129,700	Package design.
YFY RFID Co. Limited	2010/06/25	13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong	USD 2 9,585	General investment.
Arizon RFID Technology Co., Ltd.	2004/06/11	No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu	RMB 19 4,290	Production of various high-frequency and ultra-high frequency RFID INLAY and label cards.
Yangzhou YEON Technologies Co., Ltd.	2007/09/18	No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu	RMB 8,000	Design and distribution of RFID and related assemblies, as well as smart identification systems and reception antennas
Arizon RFID Technology (Hong Kong) Co., Ltd.	2017/10/02	Rm 2702-03, C. C. Wu Building, 302-8 Hennessy Road, Wan Chai, HK	USD 12,000	Hardware products for radio-frequency identification (RFID) systems, software system development, and tag design.
Arizon Japan Co., Ltd.	2019/08/08	No. 2-11, Nishi-Shinjuku-sanchome, Shinjuku-ku , Tokyo , Japan	JPY 50,000	Sales and import/export of hardware products and software systems for radio-frequency identification (RFID) systems; consulting and training services for radio-frequency identification (RFID) systems.

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Arizona RFID Technology (Cayman) Co., Ltd.	2021/10/21	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, PO Box 32052, Grand Cayman KY1-1208, Cayman Islands.	0.01	General investment.
Chung Hwa Pulp Corp.	1968/07/05	No. 100, Guanghua Street, Ji-an Township, Hualien	11,028,353	Pulp and paper production, sale and afforestation operations.
CHP International (BVI) Corporation	1990/03/15	Citco Building, POBOX 662, Road Town, Tortola, British Virgin Islands	USD 61,040	General investment.
Guangdong Dingfung Pulp & Paper Co., Ltd.	2000/08/18	Shouyue Village, Nanjie Township, Guangning County, Zhaoqing, Guangdong	USD 85,630	Production and marketing of pulp, writing/printing paper, and dowing paper.
Zhaoqing Dingfung Forestry Co., Ltd.	2006/04/01	Shouyue Village, Nanjie Township, Guangning County, Zhaoqing, Guangdong	USD 21,880	Cultivating and marketing seedlings; afforestation, logging and other forestry businesses including sales, processing, and transportation
Guizhou Yuan Fung Forestry Co., Ltd.	2021/12/03	Room 4, 1st Floor, Area B, Qiandaohu Hotel, Wuxing Village, Longping Town, Luodian County, Qiannan Prefecture, Guizhou	RMB 0	Cultivation and sales of seedlings, afforestation, logging and other forestry and sales, processing and transportation of forest trees.
Shenzhen Jinglun Paper Co., Ltd.	2008/06/24	No. 258 South River Rd., Cheng Jiang Town, Jiang Yin City, Jiangsu	RMB 3,200	Sales of paper products and cargo and technology imports/exports.
Zhaoqing Xinchuan Green Technology Co., Ltd.	2019/09/19	Shouyue Village, Nanjie Township, Guangning County, Zhaoqing, Guangdong	RMB 2,000	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.
Syntax Communication (H.K.) Ltd.	1985/05/31	2F, No. 22-28, Shatin Industrial Building, Wo Shui Rd., Fo Tan, Shatin, NT, HK	HKD 34,088	Trading, printing and sales of all types of paper products; paper-related businesses.
Hwa Fong Investment Co., Ltd.	1994/02/04	12F, 51, Chongqing S. Road Sec. 2, Taipei`	36,000	General investment.
Genovella Renewables Inc.	2010/08/30	No. 100, Guanghua Street, Ji-an Township, Hualien	5,000	Fertilizer manufacturing, retail, food and beverage retail, specialty crop farming, edible mushroom farming, refractory material manufacturing, cement and concrete manufacturing, ready-mixed concrete manufacturing, building materials wholesale, refractory material wholesale, building materials retail, refractory material retail, manpower dispatch.
Effion Enertech Co., Ltd.	2008/12/08	14F, 51, Chongqing S. Road Sec. 2, Taipei`	700,000	Management of cogeneration, heat supply, and energy technology services.
YFY Capital Holdings Corp.	2013/03/28	Palm Gove House, PO Box 438, Road Town,Tortola, British Virgin Islands	USD 8,060	General investment.
YFY (Shanghai) Commercial Factoring Co., Ltd.	2013/07/01	Room 20, Building 49, No. 6999, Chuansha Rd., Pudong New Area, Shanghai	RMB 50,000	Export factoring, domestic factoring, and business factoring-related consulting services; development of credit risk management platforms.
YFY Corporate Advisory & Services Co., Ltd.	2012/12/22	15F, 51, Chongqing S. Road Sec. 2, Taipei`	30,000	Management consulting services.

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Sustainable Carbonhydrate Innovation Co., Ltd.	2019/01/17	14F, No. 51, Chongqing S. Road Sec. 2, Taipei	30,000	Research and development.
YFY Packaging Inc.	2005/04/26	12F, No. 51, Chongqing S. Road Sec. 2, Taipei	4,101,500	Production and sales of paper and paper products.
YFY Cayman Co., Ltd.	2007/03/27	The Grand Pavilion Commercial Centre Oleander Way, 802 West Bay Road, Grand Cayman, KY1-1208 Cayman Islands	USD 70,616	General investment.
Winsong Packaging Investment Company Ltd.	2018/01/29	16F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, HK	USD 13,600	Company investment and selling of cardboard boxes.
YFY Packaging (Ha Nam) Co., Ltd.	2018/04/02	Part of Lot J, Dong Van II Industrial Park, Bach Thuong Commune, Duy Tien District, Ha Nam Province, Vietnam	USD 12,400	Production, printing and sales of all types of paperboard and cardboard boxes.
YFY Packaging Thai Binh Co., Ltd.	2019/03/01	Vu Quy Industrial Park, Vu Qui Village, Kien Xuong district, Thai Binh Province	USD 1,200	Production, printing and sales of all types of cardboard boxes.
Willpower Industries Limited	2004/03/30	P.O. BOX 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD 15,500	Company investment and selling of cardboard boxes.
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	2005/11/29	Lot E3-E6 Duc Hoa 1 Industrial Park , hamlet 5, Duc Hoa Dong Village, Duc Hoa district, Long An Province	USD 5,100	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	2003/11/26	Binh Son Villiage, Long Thanh district, Dong Nai Province	USD 10,000	Production, printing and sales of all types of paperboard and cardboard boxes.
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	2015/07/10	Lot K1-K3 Street 10 Hai Son Industrial Park , Binh Tien 2 hamlet, Duc Hoa Ha Village, Duc Hoa district, Long An Province	USD 1,200	Production, printing and sales of all types of cardboard boxes.
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co ., Ltd.	2015/11/20	No 20 VSIP II-A, Street 31 VSIP II-A Industrial Park , Vinh Tan Village, Tan Uyen district, Binh Duong Province	USD 10,500	Production, printing and sales of all types of paperboard and cardboard boxes
YFY International Labuan Co., Ltd.	2006/08/18	Level 15(A2), Main Office Tower, Financial Park, 87000 Labuan FT, Malaysia	USD 900	General investment.
YFYPack Advance Ltd.	2021/05/07	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola,	USD 0	General investment.
Pek Crown Paper Co., Ltd.	1983/10/29	No. 46 , Ruyi Road, Dajia District, Taichung	300,000	Production, trading and import/export of papers, cardboards, containers, and related materials.
YFY Packaging (BVI) Corp.	2007/10/18	Portcullis Chambers 4th Floor Ellen Skelton Building 3076 Sir Fracis Drake Highway Road Town, Tortola British Virgin Islands VG1110	USD 58,134	General investment.

(III) Basic information of Directors, Supervisors, and Presidents of affiliates

December 31, 2021

Unit: No. of shares/shares, investment amount/NT\$

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
YFY International Limited	Director	Ning-Ning Su		
	Director	Willie Tsai		
YFY Biopulp Technology Ltd.	Director	Felix Ho		
Hwa Fong Paper (Hong Kong) Co., Ltd.	Director	Vincent Chan		
	Director	K.T. Yin		
	Director	Zheng-Zhong Kuang		
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Chairman	Jun-Lang Huang(Representative of YFY International Limited)	Investment USD 14,006,000	Investment Percentage 94.0
	Director	Melody Chiu(Representative of YFY International Limited)		
	Director	Hsianmin Chen(Representative of YFY International Limited)		
	Director	Vincent Chan(Representative of YFY International Limited)		
	Director	Kuang-Wei Chang (Representative of Cheng Jian Town Investment Co., Ltd.)	Investment USD 894,000	Investment Percentage 6.0
	Supervisor	K.T. Yin (Representative of YFY International Limited)		
YFY Mauritius Corp.	President	Jun-Lang Huang		
	Director	Willie Tsai		
	Director	Felix Ho		
Yuen Foong Yu Paper Enterprise (Fuzhou) Co., Ltd.	Director	Jean Liu		
	Chairman	Zhong-Cheng Dou (Representative of YFY Mauritius Corp.)	Investment USD 5,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Mauritius Corp.)		
	Director	Yo Wei Chu (Representative of YFY Mauritius Corp.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Mauritius Corp.)		
YFY Packaging (Yangzhou) Investment Co., Ltd.	President	Yo Wei Chu, chief of plant as proxy		
	Chairman	You-Sheng Chang (Representative of YFY Mauritius Corp.)	Investment USD 331,365,075.93	Investment Percentage 100.0
	Director	S. C. Ho (Representative of YFY Mauritius Corp.)		
	Director	Jun-Lang Huang (Representative of YFY Mauritius Corp.)		
	Director	Chia-Feng Yeh (Representative of YFY Mauritius Corp.)		
	Director	De-Ming Liao (Representative of YFY Mauritius Corp.)		
	Supervisor	K T. Yin (Representative of YFY Mauritius Corp.)		
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	President	Jun-Lang Huang		
	Chairman	You-Sheng Chang (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 244,694,899.74	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Chia-Feng Yeh (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	K.T. Yin (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Chia-Feng Yeh		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Paper Enterprise (Jiaxing) Co., Ltd.	Chairman	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 5,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Ren-De Fu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Ren-De Fu		
Yuen Foong Yu Paper Enterprise (Shanghai) Co., Ltd.	Chairman	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Liang-Li Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Liang-Li Chen		
Yuen Foong Yu Paper Enterprise (Suzhou) Co., Ltd.	Chairman	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 7,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Tai-Fan Liu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Ming-Shu Hsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Tai-Fan Liu		
Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd.	Chairman	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 11,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Tai-Fan Liu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Ming-Shu Hsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Tai-Fan Liu		
Yuen Foong Yu Paper Enterprise (Nanjing) Co., Ltd.	Chairman	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,958,825.93 1,000,000	Investment Percentage 89.96 10.04
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yi-Hao Chen (Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd.)		
	Supervisor	Ming-Shu Hsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yi-Hao Chen		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Paper Enterprise (Qingdao) Co., Ltd.	Chairman	Zhao-Kun Wang (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Chih-Cheng Chang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Hung-Ming Tsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Ming-Shu Hsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Hung-Ming Tsu		
Yuen Foong Yu Paper Enterprise (Tianjin) Co., Ltd.	Chairman	Zhao-Kun Wang (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Chih-Cheng Chang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yung-Chih Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Ming-Shu Hsu (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yung-Chih Chen		
Yuen Foong Yu Paper Enterprise (Dongguan) Co., Ltd.	Chairman	Zhong-Cheng Dou (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,000,000	Investment Percentage 100.0
	Director	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Cheng-Chia Li (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Cheng-Chia Li		
Yuen Foong Yu Paper Enterprise (Zhongshan) Co., Ltd.	Chairman	Zhong-Cheng Dou (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,000,000	Investment Percentage 100.0
	Director	De-Ming Liao (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Hong-Yi Chang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Hong-Yi Chang		
Yuen Foong Yu Papers (Xiamen) Co., Ltd.	Chairman	Zhong-Cheng Dou (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,500,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yu-Hsu Chang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yu-Hsu Chang		
Yuen Foong Yu Papers (Guangzhou) Co., Ltd.	Chairman	Zhong-Cheng Dou (YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,906,250	Investment Percentage 93.75
	Director	Yun-Wei Wang (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yu-Qin Xiong (Representative of Guangzhou High-Tech Investment Group Co., Ltd.)	Investment USD 593,750	Investment Percentage 6.25
	Supervisor	Shao-Yu Chen (YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yun-Wei Wang		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Chairman	Jun-Lang Huang (Representative of YFY International Limited)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	C. C. Huang (Representative of YFY International Limited)		
	Director	Jui-Chih Huang (Representative of YFY International Limited)		
	Supervisor	Vincent Chan (Representative of YFY International Limited)		
	President	Jun-Lang Huang		
YFY Japan Co., Ltd.	Director	Zhi-Shu Luo He (Representative of YFY Inc.)	200	100.0
	Director	S. C. Ho (Representative of YFY Inc.)		
	Director	Felix Ho (Representative of YFY Inc.)		
	Supervisor	Vincent Min (Representative of YFY Inc.)		
YFY Development Corp.	Chairman	Willie Tsai (Representative of YFY Inc.)	168,500,000	100.0
	Director	Jung-Chun Lin (Representative of YFY Inc.)		
	Director	Tao Sheng Wu (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	Willie Tsai		
Fidelis IT Solutions Co., Ltd.	Chairman	Jean Liu (Representative of YFY Inc.)	2,857,000	100.0
	Director	Willie Tsai (Representative of YFY Inc.)		
	Director	Cheng Hsien Chu (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
Yuen Yan Paper Co., Ltd.	Chairman	Yan-Chung Chang (Representative of YFY Inc.)	6,178,500	50.9
	Director	Zhe-Hong Ou (Representative of YFY Inc.)		
	Director	S.R. Liao (Representative of Hwa Yuan Enterprises Co., Ltd.)	1,980,000	16.3
	Supervisor	Yo-Hui Liu (Representative of YFY Paradigm Investment Co., Ltd.)	9,000	0.07
	Supervisor	Y. M. Kuo (Representative of Hwa Yuan Enterprises Co., Ltd.)	3,960,000	32.7
	President	Zhe-Hong Ou		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
China Color Printing Co., Ltd.	Chairman	Chung-Yi Chang (Representative of YFY Inc.)	32,896,330	49.7
	Vice Chairman	Hung-Yi Ho (Representative of Shin Kang Jie BVI Corp.)	27	0.0
	Director	Pi-Yao Lin (Representative of Shin Kang Jie BVI Corp.)		
	Director	Jian-Nan Liao (Representative of Shin Kang Jie BVI Corp.)		
	Director	S. C. Ho (Representative of YFY Inc.)		
	Director	Vincent Chan (Representative of YFY Inc.)		
	Director	Rui-He Chen (Representative of YFY Inc.)		
	Supervisor	Vincent Min (Representative of Gao Cheng Investment Co.)	1,000	0.0
	Supervisor	C. F. Wu (Representative of Gao Cheng Investment Co.)		
	Supervisor	Yu-Tsong Ho (Representative of Motai Investments Ltd.)	2,000,000	3.0
	President	Chung-Yi Chang		
YFY Consumer Products Co., Ltd.	Chairman	Felix Ho (Representative of YFY Inc.)	158,004,565	59.14
	Director	Willie Tsai (Representative of YFY Inc.)		
	Director	Ronald Lee (Representative of YFY Inc.)	502,800	0.19
	Director	Zhi Hong Xu		
	Independent	Mei Li Su		
	Director			
	Independent	Chih Chien Lin		
	Director			
	Independent	Wan Chuan Hsieh		
	Director			
	President	Thomas Hsu		
Yuen Foong Yu Consumer Products Investment Limited	Director	Felix Ho		
	Director	Willie Tsai		
YFY Investment Co., Ltd.	Chairman	Felix Ho (Representative of Yuen Foong Yu Consumer Products Investment Limited)	Investment USD 115,000,000	Investment Percentage 100.0
	Director	Ronald Lee (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	Director	K. T. Yin (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	Supervisor	Daphne Chen (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	President	Ronald Lee		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Family Care (Kunshan) Co., Ltd.	Chairman	Ronald Lee (Representative of YFY Investment Corp. Ltd.)	Investment USD 30,000,000	Investment Percentage 100.0
	Director	Shien Xie (Representative of YFY Investment Corp. Ltd.)		
	Director	Ming-Fa Tang (Representative of YFY Investment Corp. Ltd.)		
	Supervisor	Daphne Chen (Representative of YFY Investment Corp. Ltd.)		
	President	Ronald Lee		
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Chairman	Ronald Lee (Representative of YFY Investment Corp. Ltd.)	Investment USD 30,000,000	Investment Percentage 100.0
	Director	Shien Xie (Representative of YFY Investment Corp. Ltd.)		
	Director	Ming-Fa Tang (Representative of YFY Investment Corp. Ltd.)		
	Supervisor	Daphne Chen (Representative of YFY Investment Corp. Ltd.)		
	President	Ronald Lee		
Ever Growing Agriculture Biotechnology Co., Ltd.	Chairman	Felix Ho (Representative of YFY Consumer Products Co., Ltd.)	18,245,944	85.0
	Director	Xian-Ming Guo (Representative of YFY Consumer Products Co., Ltd.)		
	Director	Thomas Hsu (Representative of YFY Consumer Products Co., Ltd.)	3,209,775	15.0
	Supervisor	Pao-Yu Hsieh (Representative of Cheng Yu Co., Ltd.)		
	President	Xian-Ming Guo		
Yuen Foong Shop Co., Ltd.	Chairman	Felix Ho (Representative of YFY Consumer Products Co., Ltd.)	5,000,000	100.0
	Director	Zhi Hong Xu (Representative of YFY Consumer Products Co., Ltd.)		
	Director	Shi-Wei Liu (Representative of YFY Consumer Products Co., Ltd.)		
	Supervisor	Daphne Chen (Representative of YFY Consumer Products Co., Ltd.)		
	President	Shi-Wei Liu		
Yuen Foong Shop (Hong Kong) Co., Ltd.	Director	Yuen Foong Shop Co., Ltd.		
YFY Consumer Products, Co.	Director	Felix Ho		
	Director	Thomas Chen		
	Director	Daphne Chen		
Shin Foong Specialty and Applied Materials Co., Ltd	Chairman	Zhi-Min Xu (Representative of YFY Inc.)	50,968,248	48.0
	Director	Kirk Hwang (Representative of YFY Inc.)		
	Director	Jean Liu (Representative of YFY Inc.)	1,805,466	1.7
	Director	Yu Hui Ho (Representative of Ho Shi Investment Co. Ltd.)		
	Independent	Po Young Chiu		
	Director	Xi-Cheng Yan		
	Independent	Chang Mou Yang		
	Director	Zhi Min Xu		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Shin Foong Trading Sdn. Bhd.	Director	Zhi-Min Xu (Representative of Shin Foong Specialty and Applied Materials Co., Ltd.)	1,500,000	100.0
	Director	Wen-Chun Lo (Representative of Shin Foong Specialty and Applied Materials Co., Ltd.)		
	Director	YAP KIM MAY (Representative of Shin Foong Specialty and Applied Materials Co., Ltd.)		
San Ying Enterprise Co., Ltd.	Chairman	C. C. Huang (Representative of YFY Inc.)	2,500,000	100.0
	Director	S. C. Ho (Representative of YFY Inc.)		
	Director	K. T. Yin (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	C. C. Huang		
YFY Paradigm Investment Co., Ltd.	Chairman	Willie Tsai (Representative of YFY Inc.)	155,550,000	100.0
	Director	Chun-Chieh Huang (Representative of YFY Inc.)		
	Director	Vincent Min (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	Vincent Min		
YFY Biotech Management Company	Chairman	Hong-Jen Chang (Representative of YFY Paradigm Investment Co., Ltd.)	26,430,000	100.0
	Director	S. C. Ho (Representative of YFY Paradigm Investment Co., Ltd.)		
	Director	Yi-Xue Cai (Representative of YFY Paradigm Investment Co., Ltd.)		
	Supervisor	Vincent Min (Representative of YFY Paradigm Investment Co., Ltd.)		
	President	Hong-Jen Chang		
LiVEBRiCKS Inc.	Chairman	Shi-Wei Liu (Representative of YFY Paradigm Investment Co., Ltd.)	7,700,002	100.0
	Director	Felix Ho (Representative of YFY Paradigm Investment Co., Ltd.)		
	Director	Thomas Hsu (Representative of YFY Paradigm Investment Co., Ltd.)		
	Supervisor	Vincent Min (Representative of YFY Paradigm Investment Co., Ltd.)		
	President	Shi-Wei Liu		
Union Paper Corp.	Chairman	Wei-Yen Liu (Representative of YFY Inc.)	19,584,000	18.9
	Director	Jung-Ming Lin (Representative of YFY Inc.)	1,081,200	1.0
	Director	Rui-He Chen (Representative of YFY Inc.)		
	Director	Hung-Te Chen (Representative of YFY Inc.)		
	Director	Lee-Zhu Chang		
	Supervisor	C. F. Wu (Representative of YFY Paradigm Investment Co., Ltd.)	4,283,232	4.1
YFY RFID Technologies Co., Ltd.	Director	YFY Global Investment Limited	5,330,000	100.0
YFY Global Investment Limited	Director	Ning-Ning Su		
	Director	Willie Tsai		
YEON Technologies Co., Ltd.	Chairman	Bing-Yi Lin (Representative of YFY RFID Technologies Co., Ltd.)	2,500,001	100.0
	Director	Vincent Min (Representative of YFY RFID Technologies Co., Ltd.)		
	Director	Guo-Feng Gao (Representative of YFY RFID Technologies Co., Ltd.)		
	Supervisor	Mark Lin (Representative of YFY RFID Technologies Co., Ltd.)		
	President	Guo-Feng Gao		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
YFY Jupiter (BVI) Inc.	Chairman	Felix Ho		
	Director	S. C. Ho		
	Director	Bing-Yi Lin		
	Director	Wen-Fu Chen		
	Director	Mitch Crews	838,190	6.9
	Director	Nancy A. Schachtner	574,661	4.7
YFY Jupiter Limited	Director	Wen-Fu Chen		
	Director	Chun Tu		
	Director	YFY Jupiter (BVI) Inc.	3	100.0
YFY Jupiter US, Inc.	Director	Mitch Crews		
	Director	Wen-Fu Chen		
	Director	Pei-Ling Dai		
Mobius105 Ltd.	Director	Pei-Ling Dai		
	Director	Wen-Fu Chen		
	Director	YFY Jupiter (BVI) Inc.	10,000	100.0
YFY Jupiter Trading (Shenzhen) Ltd.	Chairman	Wen-Fu Chen		
	Director	Li-Jia Chen		
	Director	Xing-Jun Lin		
	Supervisor	Pei-Ling Dai		
	President	Xing-Jun Lin		
Kunshan YFY Jupiter Green Packing Ltd.	Director	Wen-Fu Chen		
	Director	Kuo-Lung Lee		
	Director	Xue-Yi Lu		
	Supervisor	Pei-Ling Dai		
	President	Wen-Fu Chen		
Jupiter Supply Chain Management Services (Shenzhen) Co.	Chairman	Wen-Fu Chen		
	Director	Li-Jia Chen		
	Director	Xing-Jun Lin		
	Supervisor	Pei-Ling Dai		
	President	Xing-Jun Lin		
Jupiter Prestige Group Holdings Limited	Director	Mark Raymond White	50,375	33.3
	Director	Mitch Crews		
	Director	Felix Ho		
Jupiter Prestige Group North America Inc.	Director	Mitch Crews		
	Director	Pei-Ling Dai		
	Director	Mark Raymond White		
Opal BPM Limited	Director	Mark Raymond White		
	Director	Christopher Ebbs	100	10.0
	Director	Matthew Mintman	75	7.5
	Director	Pei-Ling Dai		
	Director	Bing Yi Lin		
Opal BPM India Private Limited	Director	Mark Raymond White		
	Director	Prem Chand Mali		
	Director	Dias Jacob		
	Director	Christopher Ebbs		
Jupiter Prestige Group Australia PTY Ltd.	Director	Mark Raymond White		
	Director	Mark Lee		
	Director	Justin Desmond McCartney		
	Director	Pei-Ling Dai		
	Director	Mitch Crews		
Jupiter Prestige Group Europe Ltd.	Director	Mark Raymond White		
	Director	Alison Jane Crisp		
	Director	Mitch Crews		
	Director	Pei-Ling Dai		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Jupiter Prestige Group Asia Ltd.	Director Director Director Director Director	Mark Raymond White Alison Jane Crisp Mark Lee Mitch Crews Pei-Ling Dai		
YFY Jupiter Malaysia SDN. BHD.	Director Director Director	Wen-Fu Chen Pei-Ling Dai Chan Chea Fang		
YFY Jupiter Mexico, S. de R.L.	Director Director Director Director	Wen-Fu Chen Pei-Ling Dai Kuo-Lung Lee Mitch Crews		
Spectiv Brands, LLC	Director Director	Mitch Crews Pei-Ling Dai		
Opal BPM Consulting Limited	Director Director Director Director Director	Mark Raymond White Christopher Ebbs Matthew Mintman Bing-Yi Lin Pei-Ling Dai		
Contrast LLC	Director Director	Mark Raymond White Matthew Clemens		
YFY Jupiter Indonesia, PT PMA	Director Supervisor	Li-Jia Chen Pei-Ling Dai		
Jupiter Vietnam Company Limited	Representative	Li-Jia Chen		
YFY RFID Co. Limited	Director Director	YFY Global Investment Limited Felix Ho	25,600,000	86.5
Arizon RFID Technology Co., Ltd.	Chairman Director Director Director Director Director Independent Director Independent Director Independent Director Supervisor Supervisor Supervisor President	Felix Ho Bing -Yi Lin Hong-Shi Wen Yung-Heng Chen Wan-Chuan Lin Jung-Tsung Chien Hsiao-Ming Cheng Hai-Ying Cheng Hai Xu K.T. Yin Yuan-Pei Zhang Qiu-Yue Xia Bing-Yi Lin		
Yangzhou YEON Technologies Co., Ltd.	Chairman Director Director Supervisor President	Bing-Yi Lin (Representative of Arizon RFID Technology Co., Ltd.) Hong-Shi Wen (Representative of Arizon RFID Technology Co., Ltd.) Guo-Feng Gao (Representative of Arizon RFID Technology Co., Ltd.) Su-Ping Lian (Representative of Arizon RFID Technology Co., Ltd.) Hong-Shi Wen	Investment RMB 8,000,000	Investment Percentage 100.0
Arizon RFID Technology (Hong Kong) Co., Ltd.	Director Director	Bing -Yi Lin (Representative of Arizon RFID Technology Co., Ltd.) Hong-Shi Wen (Representative of Arizon RFID Technology Co., Ltd.)	Investment USD 12,000,000	Investment Percentage 100.0

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Arizon Japan Co., Ltd.	Director Director Director Supervisor	Felix Ho (Representative of Arizon RFID Technology Co., Ltd.) Bing-Yi Lin (Representative of Arizon RFID Technology Co., Ltd.) Xiao-Zhi Luo He Nai-Hsia Wu	Investment JPY 50,000,000	Investment Percentage 100.0
Arizon RFID Technology (Cayman) Co., Ltd.	Director	Felix Ho		
Chung Hwa Pulp Corp.	Chairman	Kirk Hwang (Representative of YFY Inc.)	627,827,989	56.9
	Director	S. C. Ho (Representative of YFY Inc.)		
	Director	Felix Ho (Representative of YFY Inc.)		
	Director	Chih-Cheng Huang (Representative of YFY Paradigm Investment Co., Ltd.)	7,752,732	0.70
	Director	Guu-Fong Lin (Representative of YFY Paradigm Investment Co., Ltd.)		
	Director	Rui-He Chen (Representative of YFY Paradigm Investment Co., Ltd.)		
	Independent Director	Ling-Han Chang		
	Independent Director	Shi-Lei Lu		
	Independent Director	Yi Li		
	President	Chih-Cheng Huang		
CHP International (BVI) Corporation	Director Director	Kirk Hwang (Representative of Chung Hwa Pulp Corp.) Guu-Fong Lin (Representative of Chung Hwa Pulp Corp.)	61,039,956	100.0
Guangdong Dingfung Pulp & Paper Co., Ltd.	Chairman	Guu-Fong Lin (Representative of CHP International (BVI) Corp.)	Investment USD 51,378,000	Investment Percentage 60.0
	Director	Frank Chi (Representative of CHP International (BVI) Corp.)		
	Director	Kirk Hwang (Representative of YFY International Limited)	Investment USD 34,252,000	Investment Percentage 40.0
	Supervisor President	Vincent Chan (Representative of YFY International Limited) Frank Chi		
Zhaoqing Dingfung Forestry Co., Ltd.	Chairman	Guu-Fong Lin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)	Investment USD 14,500,000	Investment Percentage 66.27
	Director	Frank Chi (Representative of CHP International (BVI) Corp.)	Investment USD 4,428,000	20.24
	Director	Tsung-Yun Lin (Representative of YFY International Limited)		
	Supervisor President	Vincent Chan (Representative of YFY International Limited) Guu-Fong Lin	Investment USD 2,952,000	13.49
Guizhou Yuan Fung Forestry Co., Ltd.	Chairman	Guu-Fong Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.)		
	Director	Tsung-Yun Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.)		
	Director	Zhen-Yuan Xiao (Representative of Hezhou Chenyuan Forestry Company)		
	Supervisor	Ming-Hui Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.)		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Shenzhen Jinglun Paper Co., Ltd.	Chairman	Chih-Cheng Huang (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)	Investment RMB 3,200,000	Investment Percentage 100.0
	Director	Rui-He Chen (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Director	Zheng-Zhong Kuang (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Supervisor	Vincent Chan (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	President	Zheng-Zhong Kuang		
Zhaoqing Xinchuan Green Technology Co., Ltd.	Chairman	Guo-Fong Lin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)	Investment RMB 2,000,000	Investment Percentage 100.0
	Director	Yun-Chang Qin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Director	Tsong-Yun Lin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Supervisor	Su-I Hou (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
Syntax Communication (H.K.) Ltd.	Director	Chih-Cheng Huang (Representative of CHP International (BVI) Corp.)	34,088,182	100.0
	Director	Zheng-Zhong Kuang (Representative of CHP International (BVI) Corp.)		
	Director	Guan-Jun Lin (Representative of CHP International (BVI) Corp.)		
	President	Zheng-Zhong Kuang		
Hwa Fong Investment Co., Ltd.	Chairman	Guo-Fong Lin (Representative of Chung Hwa Pulp Corp.)	3,600,000	100.0
	Director	Yen Chang Hsieh (Representative of Chung Hwa Pulp Corp.)		
	Director	Ssu-I Hou (Representative of Chung Hwa Pulp Corp.)		
	Supervisor	Guan-Jun Lin (Representative of Chung Hwa Pulp Corp.)		
Genovella Renewables Inc.	Director	Shih-Hsiung Wu (Representative of Hwa Fong Investment Co., Ltd.)	Investment 5,000,000	Investment Percentage 100.0
Effion Enertech Co., Ltd.	Chairman	C. C. Huang (Representative of YFY Inc.)	34,300,000	49.0
	Director	Wen Jeng Chein (Representative of YFY Inc.)		
	Director	Vincent Min (Representative of YFY Inc.)	34,300,000	49.0
	Supervisor	C. F. Wu (Representative of Chung Hwa Pulp Corp.)		
	President	C. C. Huang		
YFY Capital Holdings Corp.	Director	Melody Chiu		
YFY (Shanghai) Commercial Factoring Co., Ltd.	Chairman	Melody Chiu (Representative of YFY Capital Holdings Corp.)	Investment RMB 50,000,000	Investment Percentage 100.0
	Director	K. T. Yin (Representative of YFY Capital Holdings Corp.)		
	Director	Cheng-Wei Chou (Representative of YFY Capital Holdings Corp.)		
	Supervisor	Vincent Chan (Representative of YFY Capital Holdings Corp.)		
	President	Melody Chiu		
YFY Corporate Advisory & Services Co., Ltd.	Chairman	Willie Tsai (Representative of YFY Inc.)	3,000,000	100.0
	Director	Claudia Kung (Representative of YFY Inc.)		
	Director	Vincent Chan (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	Willie Tsai		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Sustainable Carbonhydrate Innovation Co., Ltd.	Chairman Director Director Supervisor President	Ya-Hui Huang (Representative of YFY Inc.) S. C. Ho (Representative of YFY Inc.) P. Y. Hsu (Representative of YFY Inc.) C. F. Wu (Representative of YFY Inc.) Ya-Hui Huang	3,000,000	100.0
YFY Packaging Inc.	Chairman Director Director Director Director Supervisor President	Chuang-Hua Chiu (Representative of YFY Inc.) Felix Ho (Representative of YFY Inc.) Willie Tsai (Representative of YFY Inc.) Tian Wang Wu (Representative of YFY Inc.) Yao-Kun Tsai (Representative of YFY Inc.) C. F. Wu (Representative of YFY Inc.) Tian Wang Wu	410,150,000	100.0
YFY Cayman Co., Ltd.	Chairman Director Director	Chuang-Hua Chiu Tian Wang Wu Tsung-Min Chang		
Winsong Packaging Investment Company Ltd.	Chairman Director Director Director	Tian Wang Wu (Representative of YFY Cayman Co., Ltd.) Tsung-Min Chang (Representative of YFY Cayman Co., Ltd.) Che-Hsiang Chang (Representative of YFY Cayman Co., Ltd.) Chih-Bang Chang (Representative of Up High Developments Limited)	9,520,000 4,080,000	70.0 30.0
	Director	Yu-Wei Chang (Representative of Up High Developments Limited)		
YFY Packaging (Ha Nam) Co., Ltd.	Chairman Director President	Tsung-Min Chang (Representative of Winsong Packaging Investment Company Ltd.) Che-Hsiang Chang (Representative of Winsong Packaging Investment Company Ltd.) Liang-Hsing Huang	12,400,000	100.0
YFY Packaging Thai Binh Co., Ltd.	Chairman Director President	Tsung-Min Chang (Representative of Winsong Packaging Investment Company Ltd.) Che-Hsiang Chang (Representative of Winsong Packaging Investment Company Ltd.) Liang-Hsing Huang	1,200,000	100.0
Willpower Industries Limited	Chairman Director Director President	Chuang-Hua Chiu (Representative of YFY Cayman Co., Ltd.) Tsung-Min Chang (Representative of YFY Cayman Co., Ltd.) Che-Hsiang Chang (Representative of YFY Cayman Co., Ltd.) Tsung-Min Chang	15,500,000	100.0
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Chairman President	Tsung-Min Chang (Representative of Willpower Industries Limited) Ruei-Hung Wang	5,100,000	100.0
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Chairman President	Che-Hsiang Chang (Representative of Yuen Foong Yu paper Enterprise (Vietnam) Co., Ltd.) Ching-San Chang	10,000,000	100.0

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Chairman President	Che-Hsiang Chang (Representative of Yuen Foong Yu paper Enterprise (Vietnam) Co., Ltd.) Chih-Ling You	1,200,000	100.0
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Chairman President	Tsung-Min Chang (Representative of Willpower Industries Limited) Ruei-Hung Wang	10,500,000	100.0
YFY International Labuan Co., Ltd.	Director	YFY Cayman Co., Ltd.	900,000	100.0
YFY Pack Advance Ltd.	Director	YFY Cayman Co., Ltd.		
Pek Crown Paper Co., Ltd.	Chairman	Zhe-Hong Ou (Representative of YFY Packaging Inc.)	20,027,557	66.8
	Director	Yuan-Huang Chang (Representative of YFY Packaging Inc.)		
	Director	Kai-Chun Kang (Representative of YFY Packaging Inc.)	10,000	0.03
	Supervisor President	Li Yin Ho (Representative of YFY Paradigm Investment Co., Ltd.) Yuan-Huang Chang		
YFY Packaging (BVI) Corp.	Director	YFY Packaging Inc.	58,134,277.24	100.0

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
YFY International Limited	10,066,929	16,283,814	1,202,139	15,081,675	-	(13,305)	(417,486)	(1.15)
YFY Biopulp Technology Limited	4,152	230	-	230	-	(6)	-	-
Hwa Fong Paper (Hong Kong) Co., Ltd.	411,684	46,792	4,358	42,434	-	(27,092)	(26,132)	(0.23)
YFY Paper MFG. (Jiangyin) Co., Ltd.	412,432	355,335	2,151	353,184	-	(2,859)	5,542	
YFY Mauritius Corp.	8,650,048	5,969,769	354	5,969,415	-	(665)	(291,602)	(0.90)
Yuen Foong Yu Paper Enterprise (Fuzhou) Co., Ltd.	138,400	238,168	446,028	(207,860)	236,232	(34,311)	(49,057)	
YFY Packaging (Yangzhou) Investment Co., Ltd.	9,081,033	10,311,081	4,160,988	6,150,093	11,577,141	78,696	(330,099)	
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	6,773,158	15,348,498	15,209,986	138,512	12,377,081	(433,423)	(1,016,607)	
Yuen Foong Yu Paper Enterprise (Jiaxing) Co., Ltd.	138,400	415,373	300,986	114,387	687,658	(3,893)	(8,427)	
Yuen Foong Yu Paper Enterprise (Shanghai) Co., Ltd.	221,440	911,370	450,669	460,701	1,108,899	56,799	42,911	
Yuen Foong Yu Paper Enterprise (Suzhou) Co., Ltd.	193,760	653,646	390,011	263,635	964,645	499	(2,705)	
Yongfeng Yu Paper (Kunshan) Company	304,480	995,223	388,440	606,783	757,386	23,403	25,938	
Yuen Foong Yu Paper Enterprise (Nanjing) Co., Ltd.	275,665	1,005,045	474,504	530,541	1,200,278	82,282	66,746	
Yuen Foong Yu Paper Enterprise (Qingdao) Co., Ltd.	221,440	1,230,124	168,061	1,062,063	726,708	27,457	46,840	
Yuen Foong Yu Paper Enterprise (Tianjin) Co., Ltd.	221,440	1,375,886	505,180	870,706	1,012,414	30,329	39,118	
Yuen Foong Yu Paper Enterprise (Dongguan) Co., Ltd.	166,080	1,059,338	532,933	526,405	1,020,823	24,517	23,984	
Yuen Foong Yu Paper Enterprise (Zhongshan) Co., Ltd.	166,080	1,581,191	499,789	1,081,402	987,665	54,459	53,196	
Yuen Foong Yu Papers (Xiamen) Co., Ltd.	179,920	425,432	82,545	342,887	704,462	(10,261)	468,755	
Yuen Foong Yu Papers (Guangzhou) Co., Ltd.	262,960	891,202	368,141	523,061	1,424,758	25,830	18,299	
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	221,440	101,119	189	100,930	-	(702)	2,141	
YFY Japan Co., Ltd.	2,405	142,828	32,455	110,373	295,909	(5,143)	(2,134)	(10,670.00)
YFY Development Corp.	1,685,000	6,267,049	2,043,597	4,223,452	929,203	(67,725)	223,028	1.32
Fidelis IT Solutions Co., Ltd.	28,570	128,945	55,446	73,499	152,828	2,127	10,191	3.57
Yuen Yan Paper Co., Ltd.	121,275	144,324	1,308	143,016	-	(3,111)	6,391	0.53
China Color Printing Co., Ltd.	662,486	1,164,175	189,850	974,325	398,578	(6,371)	8,220	0.12
YFY Consumer Products Co., Ltd.	2,671,290	7,274,076	1,979,976	5,294,100	6,155,049	925,231	1,062,266	4.24
Yuen Foong Yu Consumer Products Investment Limited	4,152,360	3,178,718	-	3,178,718	-	-	228,160	1.52
YFY Investment Co., Ltd.	3,183,200	3,676,541	1,433,758	2,242,783	4,683,871	141,280	210,713	
Yuen Foong Yu Family Care (Kunshan) Co., Ltd.	830,400	353,626	76,738	276,888	628,838	10,542	14,039	
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	830,400	1,638,156	483,259	1,154,897	1,995,253	19,786	13,158	
Ever Growing Agriculture Biotechnology Co., Ltd.	214,557	501,984	177,870	324,114	372,153	70,233	56,356	2.63
Yuen Foong Shop Co., Ltd.	50,000	422,657	322,462	100,195	1,344,023	52,639	44,738	8.95
Yuen Foong Shop (Hong Kong) Co., Ltd.	-	-	-	-	-	-	-	
YFY Consumer Products, Co.	-	-	-	-	-	-	-	
Shin Foong Specialty and Applied Materials Co., Ltd.	1,061,741	8,719,054	1,356,038	7,363,016	8,161,714	4,364,861	3,476,386	32.74
Shin Foong Trading Sdn. Bhd.	9,533	24,904	14,772	10,132	18,710	1,312	823	0.55
San Ying Enterprise Co., Ltd.	25,000	106,873	4,267	102,606	29,619	(1,673)	58,602	23.44
YFY Paradigm Investment Co., Ltd.	1,555,500	4,018,911	899,488	3,119,423	-	(23,664)	165,743	1.07
YFY Biotech Management Company	264,300	275,899	37,463	238,436	13,439	(22,432)	(21,472)	(0.81)
Livebricks Inc.	77,000	1,957	94	1,863	212	(632)	(622)	(0.08)
Union Paper Corp.	1,035,300	1,720,525	459,605	1,260,920	1,921,900	46,309	46,034	0.44
YFY Global Investment Limited	2,186,720	6,140,015	11,800	6,128,215	-	(8,021)	354,329	4.49
YFY RFID Technologies Co., Ltd.	147,534	10,627	-	10,627	-	(32)	(84)	(0.02)
YEON Technologies Co., Ltd.	25,000	4,704	3	4,701	-	(51)	(56)	(0.02)
YFY Jupiter (BVI) Inc.	36,207	1,039,846	184,144	855,702	-	(3,463)	189,313	20.89
YFY Jupiter Limited	0	835,866	695,875	139,991	1,722,153	1,754	19,410	6,470,000.00
YFY Jupiter US, Inc.	28	82,720	62,189	20,531	34,941	(59,769)	64,785	647.85

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
Mobius105 Ltd.	35	402,415	97,896	304,519	412,083	238	331,627	33,162.70
YFY Jupiter Trading (Shenzhen) Ltd.	9,688	574,494	336,380	238,114	1,064,355	21,991	186,513	
Kunshan YFY Jupiter Green Packing Ltd.	8,683	434,559	373,735	60,824	1,131,091	25,348	20,816	
Jupiter Supply Chain Management Services (Shenzhen) Co.	21,707	79,786	6,307	73,479	-	47,230	40,829	
Jupiter Prestige Group Holdings Limited	5,638	420,484	6,728	413,756	10,006	(8,439)	145,731	964.07
Jupiter Prestige Group North America Inc.	28	81,159	77,682	3,477	88,450	3,166	34,003	340.03
Opal BPM Limited	46	71,718	25,412	46,306	80,342	21,568	19,914	19,914.00
Opal BPM India Private Limited	37	7,556	1,252	6,304	1,112	2,661	2,269	226.90
Jupiter Prestige Group Australia Pty Ltd.	3	27,174	17,038	10,136	101,113	9,407	6,386	63,860.00
Jupiter Prestige Group Europe Limited	1,394	328,087	24,903	303,184	115,097	24,212	93,634	3,121.13
Jupiter Prestige Group Asia Limited	0	265,607	58,472	207,135	285,844	87,240	72,039	720,390.00
YFY Jupiter Malaysia Sdn. Bhd.	6,355	162,750	122,037	40,713	377,472	29,517	22,799	22.80
YFY Jupiter Mexico, S. de R. L.	4	278,901	327,990	(49,089)	361,439	(4,825)	(4,369)	
Spectiv Brands, LLC	-	171	-	171	3	3	58,931	
Opal BPM Consulting Limited	37	37	-	37	-	-	-	-
Contrast LLC	1,275	29,103	19,154	9,949	40,342	5,993	8,767	
YFY Jupiter Indonesia, PT PMA	4,950	227,765	191,339	36,426	447,969	12,791	10,167	4,066.80
Jupiter Vietnam Company Limited	1,370	25,649	22,578	3,071	92,632	(3,186)	(3,165)	
YFY RFID Co. Limited	818,910	3,743,597	211,539	3,532,058	-	(12,920)	213,317	8.33
Arizon RFID Technology Co., Ltd.	843,507	3,970,509	432,802	3,537,707	1,966,246	415,309	260,395	1.34
Yangzhou YEON Technologies Co., Ltd.	34,732	66,626	8,235	58,391	43,625	(2,092)	(1,630)	
Arizon RFID Technology (Hong Kong) Co., Ltd.	332,160	344,566	140,593	203,973	210,237	(120,796)	(116,422)	(9.70)
Arizon Japan Co., Ltd.	12,025	14,813	7,735	7,078	46,654	(136)	96	96.00
Arizon RFID Technology (Cayman) Co., Ltd.	-	-	-	-	-	-	-	-
Chung Hwa Pulp Corp.a	11,028,353	30,874,575	15,405,163	15,469,412	19,453,580	316,380	488,231	0.45
CHP International (BVI) Corporation	1,689,586	4,889,406	7,624	4,881,782	-	(380)	(27,723)	(0.45)
Guangdong Dingfung Pulp & Paper Co., Ltd.	2,370,238	6,134,786	1,714,255	4,420,531	2,351,866	(128,847)	(77,424)	
Zhaoqing Dingfung Forestry Co., Ltd.	605,638	3,812,914	878,244	2,934,670	571,338	44,927	45,297	
Guizhou Yuan Fung Forestry Co., Ltd.	-	-	-	-	-	-	-	-
Shenzhen Jinglun Paper Co., Ltd.	13,893	1,116,105	984,625	131,480	1,897,383	(12,329)	(11,102)	
Zhaoqing Xinchuan Green Technology Co., Ltd.	8,683	28,118	17,091	11,027	17,953	1,652	1,622	
Syntax Communication (H.K.) Ltd.	120,979	12,030	3,157	8,873	19,465	(2,951)	(2,829)	(0.08)
Hwa Fong Investment Co., Ltd.	36,000	119,540	27,174	92,366	-	(170)	33,817	9.39
Genovella Renewables Inc.	5,000	45,649	27,261	18,388	81,743	2,710	10,341	
Effion Enertech Co., Ltd.	700,000	487,191	73	487,118	-	(425)	26,192	0.37
YFY Capital Holdings Corp.	223,101	87,921	-	87,921	-	(26)	16,084	1,995.53
YFY (Shanghai) Commercial Factoring Co., Ltd.	217,074	88,108	400	87,708	-	14,411	16,109	
YFY Corporate Advisory & Services Co., Ltd.	30,000	102,800	67,440	35,360	190,642	653	(683)	(0.23)
Sustainable Carbonhydrate Innovation Co., Ltd.	30,000	38,959	9,514	29,445	48,757	(2,758)	(1,808)	(0.60)
YFY Packaging Inc.	4,101,500	17,992,378	11,301,785	6,690,593	13,882,222	1,779,568	1,640,309	4.00
YFY Cayman Co., Ltd.	1,954,640	1,947,729	67,056	1,880,673	-	(893)	128,660	1.82
Winsong Packaging Investment Company Ltd.	376,448	360,856	2,937	357,919	-	(157)	9,719	0.71
YFY Packaging (Ha Nam) Co., Ltd.	343,232	1,466,905	1,155,982	310,923	1,520,131	14,559	7,646	0.62
YFY Packaging Thai Binh Co., Ltd.	33,216	128,194	78,363	49,831	320,974	3,900	2,017	1.68
Willpower Industries Limited	429,040	1,669,861	180,069	1,489,792	-	(5,160)	144,947	9.35
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	141,168	1,936,935	819,119	1,117,816	1,713,011	67,619	141,838	27.81
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	276,800	1,399,503	717,897	681,606	1,778,728	107,201	73,103	7.31
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	33,216	185,666	92,036	93,630	399,604	15,765	12,912	10.76
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	290,640	1,211,631	923,645	287,986	1,486,990	16,282	8,935	0.85

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
YFY International Labuan Co., Ltd.	24,912	17,328	97	17,231	-	(597)	(588)	(0.65)
YFYPack Advance Ltd.	-	-	-	-	-	-	-	-
Pek Crown Paper Co., Ltd.	300,000	1,010,272	450,873	559,399	1,472,364	140,734	109,420	3.65
YFY Packaging (BVI) Corp.	1,609,157	399	-	399	-	-	-	-

(V) Consolidated financial statements of various affiliated enterprises:

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YFY INC.

By:

Jean Liu

Chairman March 15, 2022

II. Progress of Private Placement of Securities during the Last Year and Up to the PrintDate of the Annual Report: N/A

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Past year and Up to the Print Date of the Annual Report: N/A

IV. Other supplemental information: N/A

V. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report: N/A

YFY Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

YFY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 March 15, 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 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: 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 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for 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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. 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 statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

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

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 assets (including any goodwill) less liabilities and any non-controlling interests of the former subsidiary at their carrying amounts 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 15 and Tables 10 and 11 for more information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

f. Inventories

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

g. Biological assets

Biological assets are measured at cost plus transaction costs on initial recognition, and subsequently measured at fair value less costs to sell. The gains and losses arising from the change in fair value less costs to sell are recognized in profit or loss when they are incurred.

Agricultural produce harvested from biological assets is measured initially at fair value less costs to sell at the point of harvest, subsequently transferred to inventory and accounted for accordingly.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

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

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

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

j. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually or whenever there is an indication that the asset may be impaired.

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

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

m. Non-current disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal groups are available for immediate sale in their present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be completed within 1 year from the date of classification.

If the control of a subsidiary will be lost during the sale, all of the assets and liabilities of that subsidiary will be classified as held for sale, regardless whether the Group will retain a non-controlling interest in that subsidiary after the sale.

Non-current disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets will cease.

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (i.e., FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporate any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group) when internal or external information show that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as at fair value through profit or loss when such financial liabilities are either held for trading or designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including foreign exchange forward contracts and currency exchange contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts, which contain financial asset hosts within the scope of IFRS 9, are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

o. Hedge accounting

The Group designates certain hedging instruments as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

p. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

q. Revenue recognition

Revenue from merchandise sales mainly comes from sales of various types of paper and cardboard products. When control over the ownership of goods has been transferred, revenue and receivables are recognized; advance receipts received before the merchandise has been transferred are recognized as a contractual liability.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

r. Leases

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

Right-of-use assets are initially measured at present value of the lease payments and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

s. Borrowing costs

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

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

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

v. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options and non-controlling interests.

w. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences or unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan 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 revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Estimated impairment of trade receivables

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

b. Fair value measurement of equity investments in unlisted shares

The fair value measurement of equity investments in unlisted shares is determined by the estimated fair value under appropriate valuation methods primarily based on investees' financial positions, operation results and recent financing activities, the market transaction prices of similar investments, market conditions and the required discount factors. As such, the estimated fair value may be different from the actual disposal price in the future.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 17,244	\$ 18,420
Checking accounts and demand deposits	4,313,350	4,925,981
Cash equivalents		
Time deposits	2,005,996	1,203,720
Repurchase agreements collateralized by bonds	<u>197,500</u>	<u>135,000</u>
	<u>\$ 6,534,090</u>	<u>\$ 6,283,121</u>

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

	December 31	
	2021	2020
<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	\$ 3,555	\$ 8,896
Currency exchange contracts	237	-
Non-derivative financial assets		
Mutual funds	1,516,927	1,124,623
Hybrid financial assets		
Structured deposits	<u>1,505,742</u>	<u>1,584,705</u>
	<u>\$ 3,026,461</u>	<u>\$ 2,718,224</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>\$ 69,687</u>	<u>\$ 147,149</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>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

December 31, 2020

Buy	USD:RMB	2021.01.07-2021.01.29	USD30,000
Buy	USD:NTD	2021.01.12-2021.01.15	USD1,400
Buy	JPY:USD	2021.01.19	JPY250,000
Sell	USD:NTD	2021.01.04-2021.03.15	USD38,500
Sell	RMB:USD	2021.01.08-2021.06.04	RMB1,753,959

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/NTD55,620

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)

	<u>December 31</u>	
	2021	2020
<u>Investments in equity instruments at FVTOCI - current</u>		
Domestic investments		
Listed shares	\$ 7,675,476	\$ 5,492,949
		(Continued)

	December 31	
	2021	2020
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares	\$ 11,073,719	\$ 9,179,080
Unlisted shares	<u>4,711,909</u>	<u>4,662,504</u>
	15,785,628	13,841,584
Foreign investments		
Unlisted shares	<u>133,885</u>	<u>300,265</u>
	<u>\$ 15,919,513</u>	<u>\$ 14,141,849</u>
		(Concluded)

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.

The Group acquired Zhen Ding Technology Holding Limited (“ZDTHL”) through stock exchange. The Company’s board of directors approved the stock exchange of all of its ownership of Boardtek Electronics Corporation (“BEC”) for ownership of “ZDTHL” in May 2020. The stock exchange was conducted at an exchange ratio of 1 ordinary share of “BEC” for 0.2 newly issued ordinary share of “ZDTHL”. The above stock exchange has been completed on November 4, 2020.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months and not exceeding 1 year	\$ 4,135,193	\$ 2,300,849
Time deposits with original maturities of more than 1 year	<u>217,074</u>	<u>-</u>
	<u>\$ 4,352,267</u>	<u>\$ 2,300,849</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 434,148</u>	<u>\$ 436,481</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months and not exceeding 1 year were 0.18%-2.10% and 0.23%-1.40%, respectively, as at the end of the reporting period.

The ranges of interest rates for time deposits with original maturities of more than 1 year were both 3.96%-3.99% as at the end of the reporting period.

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2021	2020
Derivative financial assets under hedge accounting - current (accounted for as other current assets, others)		
Foreign exchange forward contracts	\$ -	\$ 54

The Group's hedge strategy is to enter foreign exchange forward contracts to avoid its exchange rate exposure to certain foreign currency receipts and payments and to manage its exchange rate exposure in relation to foreign currency denominated forecasted purchases. When forecasted purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The terms of the foreign exchange forward contracts were negotiated to match the terms of the respective designated hedged items. The outstanding foreign exchange forward contracts at the end of the reporting period were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	EUR:NTD	2021.01.29	EUR300

11. NOTES RECEIVABLES AND ACCOUNTS RECEIVABLE

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	\$ 4,431,956	\$ 3,456,289
Less: Allowance for impairment loss	<u>(765)</u>	<u>(2,766)</u>
	<u>\$ 4,431,191</u>	<u>\$ 3,453,523</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 13,381,480	\$ 12,238,625
Less: Allowance for impairment loss	<u>(289,384)</u>	<u>(427,505)</u>
	<u>\$ 13,092,096</u>	<u>\$ 11,811,120</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 by reference to 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.

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>

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 14,737,565	\$ 526,498	\$ 44,107	\$ 9,171	\$ 377,573	\$ 15,694,914
Loss allowance (Lifetime ECLs)	<u>(40,368)</u>	<u>(6,533)</u>	<u>(23,934)</u>	<u>(2,718)</u>	<u>(356,718)</u>	<u>(430,271)</u>
Amortized cost	<u>\$ 14,697,197</u>	<u>\$ 519,965</u>	<u>\$ 20,173</u>	<u>\$ 6,453</u>	<u>\$ 20,855</u>	<u>\$ 15,264,643</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 430,271	\$ 418,081
Add: Net remeasurement of loss allowance (gain on reversal)	(44,050)	94,624
Less: Amounts written off	(94,928)	(85,898)
Effect of foreign currency exchange differences	<u>(1,144)</u>	<u>3,464</u>
Balance at December 31	<u>\$ 290,149</u>	<u>\$ 430,271</u>

For the years ended December 31, 2021 and 2020, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$1,294,493 thousand and \$1,070,531 thousand. For information on the transfer of financial instruments, refer to Note 32.

The carrying amount of notes receivable pledged as collateral was disclosed in Note 34.

12. INVENTORIES

	December 31	
	2021	2020
Materials	\$ 5,581,643	\$ 4,222,595
Finished and purchased goods	5,190,371	4,091,494
Work-in-process	<u>933,036</u>	<u>735,029</u>
	<u>\$ 11,705,050</u>	<u>\$ 9,049,118</u>

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs reversed of \$7,844 thousand and inventory write-downs of \$28,305 thousand, respectively. Inventory write-downs reversed was a result of increased selling prices.

13. BIOLOGICAL ASSETS

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,327,526	\$ 3,252,537
Increases due to planting	200,732	122,125
Gain on changes in fair value less costs to sell	3,395	333
Decreases due to harvest	(320,333)	(98,894)
Effect of foreign currency exchange differences	<u>(17,785)</u>	<u>51,425</u>
Balance at December 31	<u>\$ 3,193,535</u>	<u>\$ 3,327,526</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:

	December 31	
	2021	2020
Eucalyptus (Level 3)	<u>\$ 3,295,021</u>	<u>\$ 3,437,755</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,437,755	\$ 3,360,128
Increases due to planting	214,819	126,964
Gain on changes in fair value less costs to sell	3,633	346
Decreases due to harvesting	(342,813)	(102,812)
Effect of foreign currency exchange differences	<u>(18,373)</u>	<u>53,129</u>
Balance at December 31	<u>\$ 3,295,021</u>	<u>\$ 3,437,755</u>

14. NON-CURRENT DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

a. Kunshan Actview Carbon Technology Co., Ltd.

On September 3, 2021, the board of directors of the subsidiary, San Ying Enterprise Co., Ltd., resolved to dispose of all its ownership of Kunshan Actview Carbon Technology Co., Ltd. The contract was signed in October 2021 with an estimated amount of RMB28,194 thousand (including the amount of RMB18,707 thousand held by the Group and the amount of RMB9,487 thousand held by non-controlling interests). The Group expects to complete the sale within 12 months. Thus, the assets, liabilities, and equity attributable to Kunshan Actview Carbon Technology Co., Ltd. were reclassified as held for sale and were presented separately in the consolidated balance sheets for the nine months ended September 30, 2021. The sales proceeds substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognized after the remeasurement at the lower of the carrying amount and fair value less costs to sell.

The Group completed the disposal in December 2021 and lost control of Kunshan Actview Carbon Technology Co., Ltd. The sales proceeds of RMB18,707 thousand were fully collected in January 2022.

1) Consideration received from disposal

	Kunshan Actview Carbon Technology Co., Ltd.
Cash	\$ 5,851
Sales proceeds receivable (accounted for as other current assets, others)	<u>75,363</u>
Total consideration received	<u>\$ 81,214</u>

2) Analysis of assets and liabilities on the date control was lost

	Kunshan Actview Carbon Technology Co., Ltd.
Current assets	
Cash	\$ 42,196
Accounts receivable	4,585
Other current assets, others	27
Non-current assets	
Property, plant and equipment	3,361
Right-of-use assets	2,522
Current liabilities	
Other payables, others	<u>(13)</u>
Net assets disposed of	<u>\$ 52,678</u>

3) Gain on disposal of non-current disposal groups held for sale

	Kunshan Actview Carbon Technology Co., Ltd.
Consideration received	\$ 81,214
Disposal fees	(40)
Net assets disposed of	(52,678)
Non-controlling interests	17,726
Reclassification of other comprehensive income in respect of subsidiaries	<u>1,148</u>
Gain on disposals (accounted for as gain on disposal of non-current disposal groups held for sale)	<u>\$ 47,370</u>

4) Net cash outflow on disposals of non-current disposal groups held for sale

**Kunshan
Actview
Carbon
Technology Co.,
Ltd.**

Consideration received in cash	\$ 5,851
Less: Disposal fees	(40)
Less: Cash balance disposed of	<u>(42,196)</u>
	<u>\$ (36,385)</u>

b. YFY Family Paper (Beijing) Co., Ltd.

On June 22, 2020, the board of directors of the subsidiary, YFY Investment Co., Ltd., resolved to dispose of all of its ownership of YFY Family Paper (Beijing) Co., Ltd. The contract was signed in July 2020 with an estimated amount of RMB180,000 thousand. The Group expects to complete the sale within 12 months. Thus, the assets, liabilities, and equity attributable to YFY Family Paper (Beijing) Co., Ltd. were reclassified as held for sale and were presented separately in the consolidated balance sheets for the six months ended June 30, 2020. The sales proceeds substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognized after remeasurement at the lower of carrying amount and fair value less costs to sell.

The Group completed the disposal in August 2020 and lost control of YFY Family Paper (Beijing) Co., Ltd. The sales proceeds of RMB180,000 thousand were fully collected in October 2020.

1) Consideration received from disposal

**YFY Family
Paper (Beijing)
Co., Ltd.**

Cash	<u>\$ 773,734</u>
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2) Analysis of assets and liabilities on the date control was lost

**YFY Family
Paper (Beijing)
Co., Ltd.**

Current assets	
Cash	\$ 309
Accounts receivable	52,378
Other current assets, others	48,907
Non-current assets	
Property, plant and equipment	361,976
Right-of-use assets	21,640
Other non-current assets, others	901
Current liabilities	
Other payables, others	(50,537)
Other current liabilities, others	<u>(24,290)</u>
Net assets disposed of	<u>\$ 411,284</u>

3) Gain on disposal of non-current disposal groups held for sale

	YFY Family Paper (Beijing) Co., Ltd.
Consideration received	\$ 773,734
Disposal fees	(24,081)
Net assets disposed of	(411,284)
Reclassification of other comprehensive income in respect of subsidiaries	19,880
Effects of foreign currency exchange differences	<u>(1,423)</u>
Gain on disposals (accounted for as gain on disposal of non-current disposal groups held for sales)	<u>\$ 356,826</u>

4) Net cash inflow on disposals of non-current disposal groups held for sales

	YFY Family Paper (Beijing) Co., Ltd.
Consideration received in cash	\$ 773,734
Less: Disposal fees	(24,081)
Less: Cash balance disposed of	<u>(309)</u>
	<u>\$ 749,344</u>

15. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements (for the diagram of investment structure of the Group as at December 31, 2021, refer to Table 1):

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
YFY Inc.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	57.8	57.8	11)
	YFY International Limited	Investment and holding.	100.0	100.0	
	YFY Global Investment Limited	Investment and holding.	100.0	100.0	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper - related merchandise.	59.1	64.5	7)
	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex.	48.0	48.9	1)
	China Color Printing Co., Ltd.	Design and print of magazines, posters and books.	49.7	49.7	1)
	YFY Venture Capital Investment Co., Ltd.	Investment and holding.	-	-	9)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	49.0	49.0	
	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Real estate investment and development.	100.0	100.0	9) and 15)
	YFY Corporate Advisory & Services Co., Ltd.	Consulting.	100.0	100.0	
	Union Paper Corp.	Manufacture and sale of paper.	18.9	18.9	1)
	YFY Paradigm Investment Co., Ltd.	Investment and holding.	100.0	100.0	9)
	San Ying Enterprise Co., Ltd.	Design and construct water processing construction and environmental facilities.	100.0	100.0	
	Lotus Ecoscings & Engineering Co., Ltd.	Construction of sewage treatment plants and incinerators.	-	-	9)
	YFY Japan Co., Ltd	Trade of paper, chemical material and machinery.	100.0	100.0	
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials.	50.9	50.9	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remarks
			December 31		
			2021	2020	
YFY International Limited	Fidelis IT Solutions Co., Ltd.	a. Provides services in information software and information processing. b. Wholesale of information software and electric appliance.	100.0	100.0	
	Sustainable Carbohydrate Innovation Co., Ltd.	Research and development.	100.0	100.0	
	YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper.	100.0	100.0	8) and 15)
	YFY Cayman Co., Ltd.	Investment and holding.	-	-	8)
	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business.	40.0	40.0	
	Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	13.5	13.5	
	Hwa Fong Paper (Hong Kong) Co., Ltd.	Sale and print of paper merchandise.	100.0	100.0	
	YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper.	94.0	94.0	2)
YFY Mauritius Corp.	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling.	100.0	100.0	
	YFY Biopulp Technology Limited	Investment and holding.	60.0	60.0	
	YFY Mauritius Corp.	Investment and holding.	100.0	100.0	8)
	YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding.	100.0	100.0	14)
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper.	-	64.6	14)
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	93.8	14)
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0	14)
	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	100.0
YFY Paper Enterprise (Nanjing) Co., Ltd.		Manufacture and sale of paper and cardboard.	-	90.0	14)
YFY Paper Mfg. (Yangzhou) Co., Ltd.		Manufacture and sale of paper.	100.0	35.4	14)
YFY Paper Enterprise (Qingdao) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Kunshan) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Zhongshan) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Guangzhou) Co., Ltd.		Manufacture and sale of paper and cardboard.	93.8	-	14)
YFY Paper Enterprise (Dongguan) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Tianjin) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Suzhou) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Xiamen) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Shanghai) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Jiaxing) Co., Ltd.		Manufacture and sale of paper and cardboard.	100.0	-	14)
YFY Paper Enterprise (Nanjing) Co., Ltd.		Manufacture and sale of paper and cardboard.	90.0	-	14)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remarks
			December 31		
			2021	2020	
YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard.	10.0	10.0	
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Investment and holding.	100.0	100.0	
	YFY Mauritius Corp.	Investment and holding.	-	-	8)
	YFY Packaging Capital Corp.	Investment and holding.	-	100.0	18)
	Winsong Packaging Investment Company Limited	Investment and holding.	70.0	70.0	
	Willpower Industries Ltd.	Sale of various paper product.	100.0	55.2	22)
	YFYPack Advance Ltd.	Investment and holding.	100.0	-	20)
Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
	YFY Packaging Thai Binh Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Manufacture and sale of cardboard.	100.0	100.0	
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
YFY International Labuan Co., Ltd.	YFY Jupiter (BVI) Inc.	Investment and holding.	-	-	8)
	YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper.	-	-	8)
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Investment and holding.	100.0	100.0	
	YFY Jupiter Limited	Design of packaging and sale of paper.	100.0	100.0	
	Jupiter Prestige Group Holdings Limited	Investment and holding.	58.3	57.0	19)
	YFY Jupiter US, Inc.	Design of packaging and sale of paper.	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper.	99.0	99.0	
	YFY Jupiter Indonesia, PT PMA	Design of packaging.	1.0	1.0	
YFY Jupiter US, Inc.	Innovativ Packaging Worldwide, LLC	Design of packaging and sale of paper.	-	-	13)
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper.	1.0	1.0	
	Spectiv Brands, LLC	General trade.	100.0	100.0	
Mobius105 Ltd.	YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper.	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper.	1.0	1.0	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper.	99.0	99.0	
	YFY Jupiter Indonesia, PT PMA	Design of packaging.	99.0	99.0	
	Jupiter Vietnam Company Limited	Design of packaging.	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	
	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper.	100.0	100.0	
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	Graphic design.	100.0	100.0	
	Jupiter Prestige Group Australia Pty Ltd.	Graphic design.	100.0	100.0	
	Opal BPM Limited	Design of process system and assistance of graphic design.	82.5	82.5	
	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper.	100.0	100.0	
Jupiter Prestige Group North America Inc.	Contrast LLC	Brand design.	80.0	60.0	21)
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Graphic design.	100.0	100.0	
Opal BPM Limited	Opal BPM India Private Limited	Workflow system coding.	100.0	100.0	
	Opal BPM Consulting Limited	Consulting services of workflow system coding.	100.0	100.0	
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements.	-	50.0	16)
YFY Paper Enterprise (Xiamen) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements.	-	50.0	16)
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	Investment and holding.	100.0	100.0	
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers.	66.8	66.8	
	YFY Cayman Co., Ltd.	Investment and holding.	100.0	100.0	8)
YFY Packaging (BVI) Corp.	YFY Mauritius Corp.	Investment and holding.	-	-	8)
YFY Global Investment Limited	YFY RFID Co., Limited	Investment and holding.	86.5	100.0	3)
	YFY Jupiter (BVI) Inc.	Investment and holding.	85.3	81.1	8) and 12)
	YFY RFID Technologies Co., Ltd.	Investment and holding.	100.0	100.0	
YFY RFID Co., Limited	Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products.	99.98	86.5	3)
	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding.	100.0	-	25)
Arizon RFID Technology Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products.	100.0	100.0	
	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Product distribution and R&D services.	100.0	100.0	
	Arizon JAPAN Co., Ltd.	Product distribution and technological consulting services.	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Sale and design of RFID (radio frequency identification) products.	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	
	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products.	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	Sale of consumer products by e-commerce.	100.0	100.0	5)
	YFY Consumer Products, Co.	IP management and sale of consumer products by e-commerce.	100.0	-	17)
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper.	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins.	-	-	6)
	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins.	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins.	100.0	100.0	
	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
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	0.1	0.1	11)
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper - related merchandise.	1.9	2.1	7)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	1.0	1.0	9)
YFY Venture Capital Investment Co., Ltd.	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	-	-	9)
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	Investment and holding.	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	
YFY Paradigm Investment Co., Ltd.	Union Paper Corp.	Manufacture and sale of paper.	4.1	4.1	1)
	YFY Biotech Management Co., Ltd.	Consulting.	100.0	100.0	
	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	0.7	0.7	11)
	Yuen Foong Shop Co., Ltd.	Sale of consumer products by e-commerce.	-	-	5)
	Livebricks Inc.	Information processing services.	100.0	100.0	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper - related merchandise.	6.5	6.4	7)
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials.	0.07	0.07	9)
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers.	0.03	0.03	9)
	Shanghai YFY International Trade Co., Ltd.	General trade.	-	100.0	23)
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	General trade.	100.0	100.0	
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials.	-	-	9)
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers.	-	-	9)
Lotus Ecoscings & Engineering Co., Ltd.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	-	-	9)
	Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon.	-	66.4	24)
	CHP International (BVI) Corporation	Investment and holding.	100.0	100.0	
CHP International (BVI) Corporation	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	49.0	49.0	
	Hwa Fong Investment Co., Ltd.	Investment and holding.	100.0	100.0	
	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business.	60.0	60.0	
	Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	20.2	20.2	
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise.	100.0	100.0	
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	1.0	1.0	
	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	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
Guangdong Dingfung Pulp & Paper Co., Ltd.	Union Paper Corp.	Manufacture and sale of paper.	4.1	0.02	1) and 10)
	Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	66.3	66.3	
	Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business.	100.0	100.0	
	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.	100.0	100.0	
Zhaoqing 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	-	26)
(Concluded)					

(Concluded)

Remarks:

- 1) 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.
- 2) According to the resolution of the Company's board of directors, YFY Paper Mfg. (Jiangyin) Co., Ltd. signed the land reserve agreement with Jiangyin Land Reserve Center and Jiangyin City People's Government Chengjiang Sub-district Office in August 2018, with an amount of RMB369,829 thousand. The land reserve project was completed in September 2020. The Group recognized gain on disposal of land use rights with an amount of \$1,389,329 thousand (RMB324,404 thousand, accounted for as other income, others).
- 3) In September 2021, the Company's board of directors approved the resolution of submitting the listing application of the Arizon RFID Technology Co., Ltd. on the stock exchange in Taiwan. The Company carried out a restructuring of the organization for global development of RFID. The minority shareholders of the Arizon RFID Technology Co., Ltd. participated in capital increase of YFY RFID Co., Limited in December 2021 by cash and by selling their shares in Arizon RFID Technology Co., Ltd. Therefore, the shareholding ratio of YFY Global Investment Limited in YFY RFID Co., Limited was reduced from 100% to 86.5%. At the same time, the shareholding ratio of YFY RFID Co., Limited in Arizon RFID Technology Co., Ltd. increased from 86.5% to 99.98%. Arizon RFID Technology Co., Ltd. was deemed as subsidiary since the Group did not cease to have control over this subsidiary.
- 4) Shin Foong Trading Sdn. Bhd. was established in February 2020 and has been included in the consolidated financial statements since then.
- 5) To boost management performance, the Group carried out a restructuring of the organization and sold the 50% shares of Yuen Foong Shop Co., Ltd. owned by YFY Paradigm Investment Co., Ltd. to Yuen Foong Yu Consumer Products Co., Ltd. in March 2020.
- 6) In response to the changes in the mainland China market, the board of directors of the subsidiary, YFY Investment Co., Ltd., resolved to dispose of all of its ownership of YFY Family Paper (Beijing) Co., Ltd. in June 2020. The disposal was completed in August 2020, refer to Note 14.

- 7) The Company sold 2.1% and 6.5% of its shares in Yuen Foong Yu Consumer Products Co., Ltd. to YFY Development Corp. (originally named as YFY Capital Co., Ltd.) and YFY Paradigm Investment Co., Ltd., respectively, in June 2020. Due to equity changes such as employee share options conversion of Yuen Foong Yu Consumer Products Co., Ltd. and the Group's partial disposal of shares in Yuen Foong Yu Consumer Products Co., Ltd. to designated persons and financial investors from July through October in 2020, the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 73.0% (which comprise 64.5% owned by the Company, 6.4% owned by YFY Paradigm Investment Co., Ltd., and 2.1% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)). Due to the equity changes, such as 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% (which comprise 59.1% owned by the Company, 5.9% owned by YFY Paradigm Investment Co., Ltd., and 1.9% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)). 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% (which comprise 59.1% owned by the Company, 6.5% owned by YFY Paradigm Investment Co., Ltd., and 1.9% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)). Yuen Foong Yu Consumer Products Co., Ltd. was deemed as subsidiary since the Group did not cease to have control over this subsidiary.
- 8) In response to the overseas operation mode of its subsidiaries and the listing application of YFY Packaging Inc. on the stock exchange in Taiwan and to boost management performance, the Company's board of directors approved the overseas investment structure adjustment in July 2020. The Group has completed the overseas investment structure adjustment in November 2020. The Group sold the 100% shares of YFY Packaging Inc. owned by YFY International Labuan Co., Ltd. to the Company, the 100% shares of YFY Cayman Co., Ltd. owned by YFY International Limited to YFY Packaging Inc., the 51.2% shares of YFY Mauritius Corp. owned by YFY Packaging (BVI) Corp. and 48.8% shares of YFY Mauritius Corp. owned by YFY Cayman Co., Ltd. to YFY International Limited and the 35.4% shares of YFY Jupiter (BVI) Inc. owned by YFY International Labuan Co., Ltd. to YFY Global Investment Limited.
- 9) The Company's board of directors approved the merger of its subsidiary YFY Paradigm Investment Co., Ltd. and Lotus Ecoscings & Engineering Co., Ltd. and the merger of its subsidiary YFY Capital Co., Ltd. and YFY Venture Capital Investment Co., Ltd. in August 2020. The reference date of the above mergers was October 7, 2020 and the mergers have been completed. The board of directors of YFY Capital Co., Ltd. approved the name change from YFY Capital Co., Ltd. to "YFY Development Corp." in October 2020.
- 10) Hwa Fong Investment Co., Ltd. acquired 0.02% ownership of Union Paper Corp. from August through October in 2020 and 4.08% ownership of Union Paper Corp. for the year ended December 31, 2021, respectively. Thus, the shareholding ratio of the Hwa Fong Investment Co., Ltd. in Union Paper Corp. was increased to 4.1%.
- 11) Due to equity changes such as purchase of treasury shares from June through July in 2020, the shareholding ratio of the Group in Chung Hwa Pulp Corporation was increased to 58.6% (which comprise 57.8% owned by the Company, 0.7% owned by YFY Paradigm Investment Co., Ltd., and 0.1% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)).
- 12) Due to equity changes such as overseas investment structure adjustment and purchase of treasury shares, the shareholding ratio of the YFY Global Investment Limited in YFY Jupiter (BVI) Inc. was increased to 85.3%.
- 13) Innovativ Packaging Worldwide, LLC entered the cancellation of registration in October 2020. Due to the Group's loss of control, Innovativ Packaging Worldwide, LLC has not been included in the consolidated financial statements since October 2020.

- 14) 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 proceed with the investment structure adjustment which included 12 subsidiaries with YFY Packaging (Yangzhou) Investment Co., Ltd. as the holding company. The investment structure adjustment will involve the following subsidiaries: YFY Packaging (Yangzhou) Investment Co., Ltd., YFY Paper Mfg. (Yangzhou) Co., Ltd., YFY Paper Enterprise (Qingdao) Co., Ltd., YFY Paper Enterprise (Kunshan) Co., Ltd., YFY Paper Enterprise (Zhongshan) Co., Ltd., YFY Paper Enterprise (Guangzhou) Co., Ltd., YFY Paper Enterprise (Dongguan) Co., Ltd., YFY Paper Enterprise (Tianjin) Co., Ltd., YFY Paper Enterprise (Suzhou) Co., Ltd., YFY Paper Enterprise (Xiamen) Co., Ltd., YFY Paper Enterprise (Shanghai) Co., Ltd., YFY Paper Enterprise (Jiaxing) Co., Ltd., and YFY Paper Enterprise (Nanjing) Co., Ltd. The listing application was approved by the competent authority in March 2021, and the above process was completed in December 2021.
- 15) 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. (originally named as YFY Capital Co., Ltd.), and issue new shares by YFY Development Corp. (originally named as YFY Capital Co., Ltd.) as the consideration for the transfer of the division in January 2021. The above process was completed in January 2021.
- 16) 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 28.
- 17) YFY Consumer Products, Co. was established in February 2021 and has been included in the consolidated financial statements since then.
- 18) 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.
- 19) 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%.
- 20) YFYPack Advance Ltd. was established in May 2021 and has been included in the consolidated financial statements since then.
- 21) 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%.
- 22) 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%, refer to Note 30.
- 23) In response to 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, refer to Note 29.

24) 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, refer to Note 14.

25) Arizon RFID Technology (Cayman) Co., Ltd. was established in October 2021 and included in the consolidated financial statements.

26) Guizhou Yuanfung Forestry Co., Ltd. was established in December 2021 and included in the consolidated financial statements.

Refer to Tables 10 and 11 for the information on place of incorporation and principal place of business.

Except for YFY Japan Co., Ltd. and Genovella Renewables Inc., subsidiaries which included in the Group's consolidated financial statements were audited. Management believes there will not be a material differences even if the financial statements of the two subsidiaries mentioned above were audited.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2021	2020
Chung Hwa Pulp Corporation	41.4%	41.4%
<u>Chung Hwa Pulp Corporation and subsidiaries</u>		
	December 31	
	2021	2020
Current assets	\$ 14,411,937	\$ 12,893,835
Non-current assets	19,556,519	19,776,398
Current liabilities	(13,203,844)	(12,035,465)
Non-current liabilities	(3,131,048)	(3,649,014)
Equity	17,633,564	16,985,754
Consolidated adjustments	94,109	94,109
Adjusted equity	<u>\$ 17,727,673</u>	<u>\$ 17,079,863</u>
Equity attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 9,117,982	\$ 8,717,003
Non-controlling interests of Chung Hwa Pulp Corporation	6,445,539	6,162,085
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>2,164,152</u>	<u>2,200,775</u>
	<u>\$ 17,727,673</u>	<u>\$ 17,079,863</u>

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ <u>22,031,850</u>	\$ <u>18,616,694</u>
Profit (loss) for the year	\$ 463,373	\$ (312,392)
Other comprehensive income for the year	<u>186,137</u>	<u>39,592</u>
Total comprehensive income (loss) for the year	\$ <u>649,510</u>	\$ <u>(272,800)</u>
Profit (loss) attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 295,152	\$ (117,535)
Non-controlling interests of Chung Hwa Pulp Corporation	193,079	(84,262)
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>(24,858)</u>	<u>(110,595)</u>
	\$ <u>463,373</u>	\$ <u>(312,392)</u>
Total comprehensive income (loss) attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 411,093	\$ (112,175)
Non-controlling interests of Chung Hwa Pulp Corporation	275,040	(83,607)
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>(36,623)</u>	<u>(77,018)</u>
	\$ <u>649,510</u>	\$ <u>(272,800)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 498,275	\$ 268,561
Investing activities	(1,447,890)	(1,727,833)
Financing activities	1,100,943	1,365,672
Effects of exchange rate changes	<u>(1,804)</u>	<u>1,479</u>
Net cash inflow (outflow)	\$ <u>149,524</u>	\$ <u>(92,121)</u>
Dividends paid to non-controlling interests	\$ <u>-</u>	\$ <u>-</u>

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Material associates		
E Ink Holdings Inc.	\$ 5,948,270	\$ 5,218,727
Associates that are not individually material	<u>154,531</u>	<u>732,514</u>
	\$ <u>6,102,801</u>	\$ <u>5,951,241</u>

Refer to Tables 10 and 11 "Information on Investees" 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	
	December 31	
	2021	2020
E Ink Holdings Inc.	16.2%	16.3%

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 March 15, 2022, the report date. The other rights and obligations are the same as those of ordinary shares.

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

December 31	
2021	2020
<u>\$ 21,845,351</u>	<u>\$ 6,625,941</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:

	December 31	
	2021	2020
Current assets	\$ 19,263,374	\$ 21,914,321
Non-current assets	37,746,625	23,886,312
Current liabilities	(17,839,575)	(11,564,821)
Non-current liabilities	<u>(3,472,539)</u>	<u>(3,191,039)</u>
Equity	35,697,885	31,044,773
Non-controlling interests	<u>(530,719)</u>	<u>(536,163)</u>
	<u>\$ 35,167,166</u>	<u>\$ 30,508,610</u>
Proportion of the Group's ownership	16.2%	16.3%
Equity attributable to the Group	\$ 5,694,810	\$ 4,965,267
Goodwill	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 5,948,270</u>	<u>\$ 5,218,727</u>

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ 19,650,564	\$ 15,362,855
Profit for the year	\$ 5,212,048	\$ 3,673,688
Other comprehensive income	<u>2,298,867</u>	<u>181,826</u>
Total comprehensive income for the year	<u>\$ 7,510,915</u>	<u>\$ 3,855,514</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Profit for the year	\$ 101,667	\$ 21,800
Other comprehensive income (loss)	<u>(54,220)</u>	<u>74,206</u>
Total comprehensive income for the year	<u>\$ 47,447</u>	<u>\$ 96,006</u>

Except for YJY Packaging Ltd., JLD Logistics Ltd., Foster and Balyis (Prestige) Limited., Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd., Chengdu JingShiTong Packing Co., Ltd., investments 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 the audited financial statements. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of associates that have been audited.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<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	1,101,459	441,582	1,723,544	484,494	1,362,948	5,114,027
Disposals	(7,262)	(58,450)	(616,603)	(110,223)	-	(792,538)
Transfer from constructions	-	502,025	1,032,295	223,235	(1,757,555)	-
Transfer due to derecognition of subsidiary	-	-	-	(63,717)	-	(63,717)
Reclassification to investment properties	(786,024)	(208,808)	-	-	-	(994,832)
Reclassification as held for sale	-	(21,577)	-	-	-	(21,577)
Reclassification	-	(1,996)	(28,547)	40,895	(160,087)	(149,735)
Effect of foreign currency exchange differences	-	(59,763)	(178,134)	(31,877)	(10,039)	(279,813)
Balance at December 31, 2021	<u>\$ 14,256,398</u>	<u>\$ 15,977,069</u>	<u>\$ 66,799,914</u>	<u>\$ 13,617,300</u>	<u>\$ 1,112,761</u>	<u>\$ 111,763,442</u>
<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	-	505,108	2,630,486	706,452	-	3,842,046
Impairment losses	-	-	1,111	282	-	1,393
Disposals	(2,076)	(34,535)	(585,353)	(107,619)	-	(729,583)
Transfer due to derecognition of subsidiary	-	-	-	(63,717)	-	(63,717)

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
Reclassification to investment properties	\$ 91	\$ (128,050)	\$ -	\$ -	\$ -	\$ (127,959)
Reclassification as held for sale	-	(18,216)	-	-	-	(18,216)
Reclassification	-	15,135	(29,159)	11,912	-	(2,112)
Effect of foreign currency exchange differences	-	(19,041)	(94,858)	(23,549)	-	(137,448)
Balance at December 31, 2021	<u>\$ 612</u>	<u>\$ 7,697,750</u>	<u>\$ 45,592,381</u>	<u>\$ 10,070,431</u>	<u>\$ -</u>	<u>\$ 63,361,174</u>
Carrying amounts at December 31, 2021	<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>
<u>Cost</u>						
Balance at January 1, 2020	\$ 12,387,825	\$ 15,019,244	\$ 64,160,307	\$ 12,821,896	\$ 2,045,627	\$ 106,434,899
Additions	1,560,400	267,216	1,090,692	344,341	1,686,262	4,948,911
Disposals	-	(6,255)	(1,534,795)	(416,850)	-	(1,957,900)
Transfer from construction	-	261,930	1,298,196	484,437	(2,044,563)	-
Reclassification as held for sale	-	(301,252)	(364,544)	(193,487)	-	(859,283)
Transfer from investment properties	-	82,702	-	-	-	82,702
Effect of foreign currency exchange differences	-	60,471	217,503	34,156	(9,832)	302,298
Balance at December 31, 2020	<u>\$ 13,948,225</u>	<u>\$ 15,384,056</u>	<u>\$ 64,867,359</u>	<u>\$ 13,074,493</u>	<u>\$ 1,677,494</u>	<u>\$ 108,951,627</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 2,597	\$ 6,994,554	\$ 42,323,097	\$ 9,308,478	\$ -	\$ 58,628,726
Depreciation expense	-	496,743	2,658,166	787,565	-	3,942,474
Impairment losses	-	-	46,387	13,629	-	60,016
Disposals	-	(5,721)	(1,333,344)	(406,729)	-	(1,745,794)
Reclassification as held for sale	-	(159,447)	(165,044)	(172,816)	-	(497,307)
Transfer from investment properties	-	24,044	-	-	-	24,044
Effect of foreign currency exchange differences	-	27,176	140,892	16,543	-	184,611
Balance at December 31, 2020	<u>\$ 2,597</u>	<u>\$ 7,377,349</u>	<u>\$ 43,670,154</u>	<u>\$ 9,546,670</u>	<u>\$ -</u>	<u>\$ 60,596,770</u>
Carrying amounts at December 31, 2020	<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>

(Concluded)

Some equipments of the Group had been idle at the end of 2021 and 2020. The Group carried out a review of the recoverable amounts of the related equipments were lower than their carrying amounts or equal to zero.

The review led to the recognition of an impairment loss of \$1,393 thousand and \$60,016 thousand, respectively, which was recognized in miscellaneous disbursements for the years ended December 31, 2021 and 2020.

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 years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Acquisition of property, plant and equipment	\$ 5,114,027	\$ 4,948,911
Changes in prepayments for business facilities	(412,500)	566,976
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>737,856</u>	<u>(437,208)</u>
	<u>\$ 5,439,383</u>	<u>\$ 5,078,679</u>

For the amounts of collateral pledged for bank borrowings, refer to Note 34.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 1,469,516	\$ 1,457,802
Buildings	399,973	331,266
Others	<u>168,031</u>	<u>108,017</u>
	<u>\$ 2,037,520</u>	<u>\$ 1,897,085</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 419,017</u>	<u>\$ 168,009</u>
Depreciation charge for right-of-use assets		
Land	\$ 46,180	\$ 42,965
Buildings	136,611	137,427
Others	<u>64,649</u>	<u>56,510</u>
	<u>\$ 247,440</u>	<u>\$ 236,902</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 177,846</u>	<u>\$ 158,415</u>
Non-current	<u>\$ 471,777</u>	<u>\$ 286,837</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.97%-1.68%	1.02%-1.68%
Buildings	0.97%-11.70%	1.02%-11.70%
Others	0.97%-6.00%	1.02%-6.00%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	<u>\$ 306,717</u>	<u>\$ 232,867</u>
Total cash outflow for leases	<u>\$ 526,009</u>	<u>\$ 463,872</u>

19. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2021	\$ 2,867,764
Disposals	(7,401)
Transfer from property, plant and equipment	994,832
Reclassification	<u>6,081</u>
Balance at December 31, 2021	<u>\$ 3,861,276</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 183,460
Depreciation expense	10,785
Transfer from property, plant and equipment	127,959
Reclassification	<u>6,081</u>
Balance at December 31, 2021	<u>\$ 328,285</u>
Carrying amounts at December 31, 2021	<u>\$ 3,532,991</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 2,950,751
Reclassification to property, plant and equipment	(82,702)
Effect of foreign currency exchange differences	<u>(285)</u>
Balance at December 31, 2020	<u>\$ 2,867,764</u>

(Continued)

	Amount
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 204,267
Depreciation expense	3,320
Reclassification to property, plant and equipment	(24,044)
Effect of foreign currency exchange differences	<u>(83)</u>
Balance at December 31, 2020	<u>\$ 183,460</u>
Carrying amounts at December 31, 2020	<u>\$ 2,684,304</u> (Concluded)

The fair values of the investment properties owned by the Group were \$9,459,760 thousand and \$8,596,534 thousand as of December 31, 2021 and 2020, 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 \$64,721 thousand for 2021 and \$50,349 thousand for 2020, 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 in completing the construction. The joint construction was completed in October 2021 and a license for use was obtained. As of December 31, 2021, the house for the Company has not been transferred and was accounted for as prepayments for business facilities. The transfer of ownership was completed in February 2022. In addition, the Company disposed of a portion of the land to Ho Tien Co., Ltd. in accordance with the contract terms agreed upon for the construction of the house, refer to Note 33.

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

All of the Group's investment property was held under freehold interests.

20. BORROWINGS

a. Current borrowings

	December 31	
	2021	2020
Bank credit loans	\$ 9,795,555	\$ 6,268,373
Bank secured loans	<u>283,997</u>	<u>297,047</u>
	<u>\$ 10,079,552</u>	<u>\$ 6,565,420</u>

Current borrowings include bank credit and bank secured loans. As of December 31, 2021 and 2020, the interest rate intervals of bank credit loans were 0.52%-4.30% per annum and 0.52%-3.95% per annum, respectively. As of December 31, 2021 and 2020, the interest rate of bank secured loans were 1.09% per annum and 1.21%-1.48% per annum, respectively.

b. Short-term notes and bills payable

	December 31	
	2021	2020
Commercial paper	\$ 9,299,000	\$ 9,403,000
Less: Discount on short-term notes and bills payable	<u>(2,843)</u>	<u>(4,186)</u>
	<u>\$ 9,296,157</u>	<u>\$ 9,398,814</u>

Short-term notes and bills payable are commercial paper due within one year. Interest rate intervals on these bills payable were 0.79%-0.93% per annum and 0.78%-0.91% per annum as of December 31, 2021 and 2020, respectively.

c. Non-current borrowings

	December 31	
	2021	2020
Syndicated loans	\$ 24,550,836	\$ 23,723,101
Long-term bank credit loans	1,911,220	3,176,220
Long-term bank secured loans	115,866	177,883
Less: Current portion	<u>(57,933)</u>	<u>-</u>
	<u>\$ 26,519,989</u>	<u>\$ 27,077,204</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%-1.80% per annum and 1.79% per annum as of December 31, 2021 and 2020, respectively; secured and credit loans expire in April 2027 and have interest rate intervals of 0.39%-2.78% per annum and 0.39%-2.40% per annum as of December 31, 2021 and 2020, respectively.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and certain subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

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

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

b. Defined benefit plans

The Company and certain subsidiaries of the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and certain subsidiaries contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 2,990,480	\$ 3,038,106
Fair value of plan assets	<u>(3,664,235)</u>	<u>(3,068,216)</u>
Defined benefit assets, net	(673,755)	(30,110)
Net defined benefit assets	<u>710,988</u>	<u>81,845</u>
Net defined benefit liabilities	<u>\$ 37,233</u>	<u>\$ 51,735</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	<u>\$ 3,038,106</u>	<u>\$ (3,068,216)</u>	<u>\$ (30,110)</u>
Service cost			
Current service cost	37,215	-	37,215
Net interest expense (income)	<u>14,575</u>	<u>(14,997)</u>	<u>(422)</u>
Recognized in profit or loss	<u>51,790</u>	<u>(14,997)</u>	<u>36,793</u>
Remeasurement			
Return on plan assets	-	(388,207)	(388,207)
Actuarial loss			
Changes in financial assumptions	(44,026)	-	(44,026)
Experience adjustments	223,004	-	223,004
Changes in demographic assumptions	<u>57,811</u>	<u>-</u>	<u>57,811</u>
Recognized in other comprehensive income (loss)	<u>236,789</u>	<u>(388,207)</u>	<u>(151,418)</u>
Contributions from the employer	-	(523,280)	(523,280)
Benefits paid	(330,465)	330,465	-
Liabilities extinguished on settlement	<u>(5,740)</u>	<u>-</u>	<u>(5,740)</u>
Balance at December 31, 2021	<u>\$ 2,990,480</u>	<u>\$ (3,664,235)</u>	<u>\$ (673,755)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 3,184,816</u>	<u>\$ (2,138,170)</u>	<u>\$ 1,046,646</u>
Service cost			
Current service cost	42,775	-	42,775
Net interest expense (income)	<u>30,547</u>	<u>(22,353)</u>	<u>8,194</u>
Recognized in profit or loss	<u>73,322</u>	<u>(22,353)</u>	<u>50,969</u>
Remeasurement			
Return on plan assets	-	(814,956)	(814,956)
Actuarial loss			
Changes in financial assumptions	98,119	-	98,119
Experience adjustments	29,814	-	29,814
Changes in demographic assumptions	<u>1</u>	<u>-</u>	<u>1</u>
Recognized in other comprehensive income (loss)	<u>127,934</u>	<u>(814,956)</u>	<u>(687,022)</u>
Contributions from the employer	-	(421,802)	(421,802)
Benefits paid	(329,065)	329,065	-
Liabilities extinguished on settlement	<u>(18,901)</u>	<u>-</u>	<u>(18,901)</u>
Balance at December 31, 2020	<u>\$ 3,038,106</u>	<u>\$ (3,068,216)</u>	<u>\$ (30,110)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 30,063	\$ 32,431
Operating expenses	<u>6,730</u>	<u>18,538</u>
	<u>\$ 36,793</u>	<u>\$ 50,969</u>

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

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

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

	December 31	
	2021	2020
Discount rates	0.75%	0.50%
Expected rates of salary increase	1.00%-1.50%	1.00%-1.50%

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

	December 31	
	2021	2020
Discount rates		
0.125% increase	<u>\$ (21,604)</u>	<u>\$ (23,695)</u>
0.125% decrease	<u>\$ 21,963</u>	<u>\$ 24,076</u>
Expected rates of salary increase		
0.125% increase	<u>\$ 21,806</u>	<u>\$ 25,130</u>
0.125% decrease	<u>\$ (21,480)</u>	<u>\$ (26,708)</u>

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the changes in assumptions had occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 106,183</u>	<u>\$ 108,912</u>
The average duration of the defined benefit obligation	1-10 years	3.5-9.8 years

22. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	<u>2,200,000</u>	<u>2,200,000</u>
Value of shares authorized	<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>
Value of shares issued	<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. 1010047490 and Rule No. 1030006415 issued by the FSC 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 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2020	2019
Legal reserve	\$ 606,583	\$ 263,411
Cash dividends	\$ 2,490,557	\$ 1,162,260
Cash dividends per share (NT\$)	\$ 1.5	\$ 0.7

The appropriation of earnings for 2019 was resolved in the shareholders' meeting on June 22, 2020. The above 2020 appropriation for cash dividends was resolved by the Company's board of directors on February 26, 2021 and the other proposed appropriations were resolved by the shareholders' meeting held on May 17, 2021.

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 15, 2022. The appropriations and dividends per share were as follows:

	2021
Legal reserve	<u>\$ 465,605</u>
Cash dividends	<u>\$ 2,490,557</u>
Cash dividends per share (NT\$)	<u>\$ 1.5</u>

The above appropriation for cash dividends had been resolved by the board of directors; the other proposed appropriations will be resolved by the shareholders' meeting to be held on June 23, 2022.

d. Special reserves

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	\$ 4,001,813	\$ 4,028,583
Reversal:		
Disposal of investment properties	(1,812)	-
Disposal of partial interests in subsidiaries	<u>-</u>	<u>(26,770)</u>
Balance at December 31	<u>\$ 4,000,001</u>	<u>\$ 4,001,813</u>

e. 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>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	(485,766)	-	-	(485,766)
Unrealized gains on financial assets measured at FVTOCI	-	3,455,682	-	3,455,682
Gains on hedging instruments	-	-	3,025	3,025
Share of other comprehensive income (loss) of associates accounted for using equity method	(205,495)	524,136	-	318,641
Changes in equity of associates accounted for using equity method	-	(2,711)	-	(2,711)
				(Continued)

	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
Disposal of partial interests in subsidiaries	\$ (1,143)	\$ (1,001)	\$ -	\$ (2,144)
Changes in ownership interest in subsidiaries	15,795	(26)	-	15,769
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(34,370)</u>	<u>-</u>	<u>(34,370)</u>
Balance at December 31	<u>\$ (2,185,616)</u>	<u>\$ 10,575,017</u>	<u>\$ -</u>	<u>\$ 8,389,401</u>
<u>2020</u>				
Balance at January 1	\$ (1,036,202)	\$ 6,809,645	\$ (6,377)	\$ 5,767,066
Exchange differences on translation of foreign financial statements	(513,143)	-	-	(513,143)
Unrealized gains on financial assets measured at FVTOCI	-	7,817	-	7,817
Gains on hedging instruments	-	-	1,067	1,067
Share of other comprehensive income (loss) of associates accounted for using equity method	(13,067)	116,041	-	102,974
Disposal of partial interests in subsidiaries	50,578	(27)	-	50,551
Changes in ownership interest in subsidiaries	2,827	(353)	2,285	4,759
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(299,816)</u>	<u>-</u>	<u>(299,816)</u>
Balance at December 31	<u>\$ (1,509,007)</u>	<u>\$ 6,633,307</u>	<u>\$ (3,025)</u>	<u>\$ 5,121,275</u> (Concluded)

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 13,302,734	\$ 11,533,301
Share of profit for the year	2,558,297	1,394,824
Other comprehensive income (loss) for the year:		
Exchange differences on translation of foreign financial statements	(121,150)	(166,171)
Unrealized gains (losses) on financial assets measured at FVTOCI	217,856	(12,470)
Gains on hedge instruments	2,174	218
Remeasurement on defined benefit plans	(37,428)	(4,682)
Share of other comprehensive income of associates accounted for using the equity method	14,218	5,944
Cash dividends	(897,441)	(271,679)
Changes in equity of associates accounted for using equity method	(7,005)	(877)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(1,087,638)	925,676
Changes in ownership interests in subsidiaries	<u>660,115</u>	<u>(101,350)</u>
Balance at December 31	<u>\$ 14,604,732</u>	<u>\$ 13,302,734</u>

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers - revenue from sale of goods	\$ 69,338,312	\$ 61,258,136
Other operating revenue	<u>15,960,545</u>	<u>11,976,410</u>
	<u>\$ 85,298,857</u>	<u>\$ 73,234,546</u>

Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable, net	<u>\$ 4,431,191</u>	<u>\$ 3,453,523</u>	<u>\$ 2,874,640</u>
Accounts receivable, net	<u>\$ 13,092,096</u>	<u>\$ 11,811,120</u>	<u>\$ 11,559,561</u>
Accounts receivable due from related parties, net	<u>\$ 71,403</u>	<u>\$ 98,198</u>	<u>\$ 99,919</u>
Contract liabilities - sale of goods	<u>\$ 516,177</u>	<u>\$ 552,667</u>	<u>\$ 481,639</u>

24. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 535,623	\$ 692,354
Interest on lease liabilities	14,553	12,135
Less: Capitalization amount of interest	<u>(7,096)</u>	<u>(7,863)</u>
	<u>\$ 543,080</u>	<u>\$ 696,626</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalization rate	0.77%-1.46%	0.79%-1.44%

b. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 3,842,046	\$ 3,942,474
Investment properties	10,785	3,320
Right-of-use assets	247,440	236,902
Other non-current assets	<u>129,895</u>	<u>147,251</u>
	<u>\$ 4,230,166</u>	<u>\$ 4,329,947</u>
An analysis of depreciation by function		
Operating costs	\$ 3,616,338	\$ 3,767,894
Operating expenses	<u>483,933</u>	<u>414,802</u>
	<u>\$ 4,100,271</u>	<u>\$ 4,182,696</u>
An analysis of amortization by function		
Operating costs	\$ 50,286	\$ 33,793
Operating expenses	<u>79,609</u>	<u>113,458</u>
	<u>\$ 129,895</u>	<u>\$ 147,251</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post - employment benefits		
Defined contribution plans	\$ 223,897	\$ 168,154
Defined benefit plans	<u>36,793</u>	<u>50,969</u>
	260,690	219,123
Share-based payments	27,408	58,152
Other employee benefits	<u>9,121,905</u>	<u>8,333,614</u>
Total employee benefits expense	<u>\$ 9,410,003</u>	<u>\$ 8,610,889</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 5,503,730	\$ 5,071,895
Operating expenses	<u>3,906,273</u>	<u>3,538,994</u>
	<u>\$ 9,410,003</u>	<u>\$ 8,610,889</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 years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 15, 2022 and February 26, 2021, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	0.10%	0.10%
Remuneration of directors	0.41%	0.41%

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

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.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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.

25. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 1,727,195	\$ 1,710,455
Income tax on unappropriated earnings	174,792	60,856
Adjustment for prior periods	4,909	12,678
Land value increment tax	11,782	-
Deferred tax		
In respect of the current year	98,796	(11,573)
Adjustment for prior periods	<u>(9,304)</u>	<u>214</u>
Income tax expense recognized in profit or loss	<u>\$ 2,008,170</u>	<u>\$ 1,772,630</u>

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

	For the Year Ended December 31	
	2021	2020
Income before tax	<u>\$ 9,770,721</u>	<u>\$ 8,376,533</u>
Income tax expense calculated at the statutory rate (20%)	\$ 1,954,144	\$ 1,675,307
Nondeductible expenses in determining taxable income	20,952	22,043
Tax-exempt income (loss)	(548,612)	(578,139)
Land value increment tax	11,782	-
Additional income tax under the Income Basic Tax Act	-	40,925
Unrecognized loss carryforwards and deductible temporary differences	505,508	457,016
Income tax on unappropriated earnings	174,792	60,856
Loss carryforwards	(39,045)	(27,409)
Investment tax credit	-	(2,792)
Overseas company withholding income taxes	1,435	5,219
Effect of different tax rate of entities in the Group operating in other jurisdictions	(68,391)	106,712
Adjustments for prior years' tax	<u>(4,395)</u>	<u>12,892</u>
Income tax expense recognized in profit or loss	<u>\$ 2,008,170</u>	<u>\$ 1,772,630</u>

- b. Income tax recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ 30,284	\$ 137,404
Exchange differences on translation of foreign financial statements	113	(113)
Share of the other comprehensive income of associates	<u>(242)</u>	<u>372</u>
	<u>\$ 30,155</u>	<u>\$ 137,663</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Defined benefit plan	\$ 64,381	\$ (40,177)	\$ (929)	\$ -	\$ 23,275
Loss carryforwards	46,602	56,203	-	(5)	102,800
Allowance for impaired receivables	10,105	659	-	(7)	10,757
Payable for annual leave	25,726	2,086	-	(9)	27,803
Unrealized loss on inventories	43,091	(1,077)	-	(59)	41,955
Deferred revenue	58,002	(20,332)	-	-	37,670
Others	<u>104,670</u>	<u>4,052</u>	<u>(113)</u>	<u>(1,535)</u>	<u>107,074</u>
	<u>\$ 352,577</u>	<u>\$ 1,414</u>	<u>\$ (1,042)</u>	<u>\$ (1,615)</u>	<u>\$ 351,334</u>
<u>Deferred tax liabilities</u>					
Reserve for land revaluation increment tax	\$ 3,313,013	\$ -	\$ -	\$ -	\$ 3,313,013
Others	<u>170,642</u>	<u>90,906</u>	<u>29,355</u>	<u>(158)</u>	<u>290,745</u>
	<u>\$ 3,483,655</u>	<u>\$ 90,906</u>	<u>\$ 29,355</u>	<u>\$ (158)</u>	<u>\$ 3,603,758</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Defined benefit plan	\$ 174,005	\$ 28,335	\$ (137,959)	\$ -	\$ 64,381
Loss carryforwards	49,440	(2,798)	-	(40)	46,602
Allowance for impaired receivables	17,720	(7,610)	-	(5)	10,105
Payable for annual leave	23,979	1,719	-	28	25,726
Unrealized loss on inventories	36,680	6,219	-	192	43,091
Deferred revenue	21,237	36,765	-	-	58,002
Others	<u>98,456</u>	<u>7,257</u>	<u>113</u>	<u>(1,156)</u>	<u>104,670</u>
	<u>\$ 421,517</u>	<u>\$ 69,887</u>	<u>\$ (137,846)</u>	<u>\$ (981)</u>	<u>\$ 352,577</u>
<u>Deferred tax liabilities</u>					
Reserve for land revaluation increment tax	\$ 3,313,013	\$ -	\$ -	\$ -	\$ 3,313,013
Others	<u>112,483</u>	<u>58,528</u>	<u>(555)</u>	<u>186</u>	<u>170,642</u>
	<u>\$ 3,425,496</u>	<u>\$ 58,528</u>	<u>\$ (555)</u>	<u>\$ 186</u>	<u>\$ 3,483,655</u>

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

	December 31	
	2021	2020
Loss carryforwards		
Expire in 2021	\$ -	\$ 1,574,772
Expire in 2022	86,121	131,704
Expire in 2023	1,378,338	1,385,658
Expire in 2024	877,077	883,034
Expire in 2025	609,168	512,924
Expire in 2026	1,083,012	14,028
Expire in 2027	10,869	9,531
Expire in 2028	398	398
Expire in 2029	120	802
Expire in 2030	134	401,272
Expire in 2031	27,180	-
Unlimited (Note)	<u>11,096</u>	<u>12,658</u>
	<u>\$ 4,083,513</u>	<u>\$ 4,926,781</u>

Note: Generated from Hong Kong subsidiaries.

- e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised of:

Unused Amount	Expiry Year
\$ 86,121	2022
1,378,338	2023
920,430	2024
609,168	2025
1,083,012	2026
10,869	2027
398	2028
151,360	2029
319,540	2030
27,180	2031
<u>11,096</u>	Unlimited (Note)
<u>\$ 4,597,512</u>	

Note: Generated from Hong Kong subsidiaries.

f. 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
Hwa Fong Investments Co., Ltd.	2019
Shin Foong Specialty and Applied Materials Co., Ltd.	2019
China Color Printing Co., Ltd.	2019
YFY Paradigm Investment Co., Ltd.	2019
Yuen Yan Paper Container Co., Ltd.	2019
Fidelis IT Solutions Co., Ltd.	2019
YFY Biotech Management Co., Ltd.	2019
Genovella Renewables Inc.	2019
Livebricks Inc.	2019
San Ying Enterprise Co., Ltd.	2019
Ever Growing Agriculture Biotech Co., Ltd.	2019
Union Paper Corp.	2019
Pek Crown Paper Co., Ltd.	2019
YFY Corporate Advisory & Service Co., Ltd.	2019
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	2019
Yuen Foong Shop Co., Ltd.	2019
Chung Hwa Pulp Corporation	2019
Yeon Technologies Co., Ltd.	2019
Sustainable Carbohydrate Innovation Co., Ltd.	2019
YFY Packaging Inc.	2018

26. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share (NT\$)	<u>\$ 3.13</u>	<u>\$ 3.14</u>
Diluted earnings per share (NT\$)	<u>\$ 3.13</u>	<u>\$ 3.14</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit for the year attributable to owners of the Company	<u>\$ 5,204,254</u>	<u>\$ 5,209,079</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 5,204,254</u>	<u>\$ 5,209,079</u>

Number of Share (In Thousands)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>186</u>	<u>230</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,558</u>	<u>1,660,602</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were 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 shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Employee share options reserved when the subsidiary issued new shares - Yuen Foong Yu Consumer Products Co., Ltd.

The board of directors of the subsidiary resolved to issue 22,223 thousand shares in June 2021. In accordance with Company Act, Yuen Foong Yu Consumer Products Co., Ltd. reserved 10% of the issued shares, which totaled 2,223 thousand shares, as employee share options in September 2021. The eligible participants of the share options are the full-time employees (including the subordinate companies) who meet certain specific requirements. The options granted are valid for 0.01 years and the exercise price is \$52 per share.

Information on employee share options reserved when issued new shares in September 2021 was as follows:

Employee Share Options	Number of Options (In Thousands of Units)	Exercise Price (\$)
Granted in September 2021	<u>2,223</u>	<u>\$ 52</u>
Weighted-average fair value of options granted in September 2021 (\$)	<u>\$ 3.46</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	\$55.29
Exercise price	\$52
Expected volatility (%)	44.85
Expected lives (years)	0.01
Risk free interest rate (%)	0.13

The employee benefit expenses recognized on the employee share option plans was \$7,692 thousand for the year ended December 31, 2021.

b. Employee share options plan of the subsidiary - Yuen Foong Yu Consumer Products 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 3,320 employee share options in July 2020. Each option entitles the holder to subscribe for 1,000 ordinary shares of Yuen Foong Yu Consumer Products Co., Ltd. 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 are valid for 0.02 years and the exercise price is \$15 per share.

Information on compensatory employee share options issued in July 2020 was as follows:

Employee Share Options	Number of Options (In Thousands of Units)	Exercise Price (\$)
Granted in July 2020	<u>3,320</u>	<u>\$ 15</u>
Weighted-average fair value of options granted in July 2020 (\$)	<u>\$ 14.3</u>	

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

	For the Year Ended December 31, 2020	
Share Options Certificates	Number of Options (In Thousands of Units)	Exercise Price (\$)
Balance at January 1	-	
Options granted	3,320	
Options expired	(50)	
Options exercised	<u>(3,270)</u>	
Balance at December 31	<u>-</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 15</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	\$29.3
Exercise price	\$15
Expected volatility (%)	45.69
Expected lives (years)	0.02
Expected dividend yield (%)	-
Expected grant (%)	100
Risk free interest rate (%)	0.28

The employee benefit expenses recognized on the employee share option plans was \$47,476 thousand for the year ended December 31, 2020.

- c. 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 (\$)	<u>\$ 50.97</u>	

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

	For the Year Ended December 31			
	2021		2020	
	Number of Options (In Thousands of Units)	Exercise Price (\$)	Number of Options (In Thousands of Units)	Exercise Price (\$)
Share Options Certificates				
Balance at January 1	350		1,591	
Options exercised	(50)		(1,241)	
Options expired	<u>(300)</u>		<u>-</u>	
Balance at December 31	<u>-</u>		<u>350</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 17.7</u>	<u>350</u>	<u>\$ 17.7</u>

Information about the outstanding share options at each balance sheet date was as follows:

	December 31	
	2021	2020
Exercise price per share (\$)	\$ 17.7	\$ 17.7
Weighted average remaining contractual life	-	0.33 years

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 was \$10,676 thousand for the year ended December 31, 2020.

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

In order to attract and retain the professional talents needed by the subsidiary, improve 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 are valid for 3 years and the exercise price is US\$1.5 per share.

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

Share Options Certificates	For the Year Ended December 31, 2021	
	Number of Options (In Thousands of Units)	Exercise Price (US\$)
Balance at January 1	-	
Options granted	544	
Balance at December 31	544	
Options exercisable, end of period	544	\$ 1.5

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 was \$19,716 thousand for the year ended December 31, 2021.

28. DERECOGNITION OF SUBSIDIARY

In January 2021, the subsidiary, Kunshan YFY Advertising and Printing Co., Ltd., entered the bankruptcy procedure. 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 derecognition

	Kunshan YFY Advertising and Printing Co., Ltd.
Cash	\$ -

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
Effects of foreign currency exchange differences	<u>(183)</u>
Gain from derecognition of subsidiary (accounted for as other income, others)	<u>\$ 34,401</u>

d. Net cash outflow on derecognition of subsidiary

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

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

29. DISPOSAL OF SUBSIDIARY

In July 2021, the board of directors of the subsidiary, Yuen Foong Shop Co., Ltd., resolved to dispose all its ownership of Shanghai YFY International Trade Co., Ltd. The contract was signed in August 2021. The Group completed the disposal in August 2021 and lost control of the subsidiary. The sales proceeds of RMB20 thousand were fully collected in September 2021.

a. Consideration received from disposals

Shanghai YFY International Trade Co., Ltd.

Cash	<u>\$ 86</u>
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b. Analysis of assets and liabilities on the loss of control date

Shanghai YFY International Trade Co., Ltd.

Current assets	
Cash	\$ 219
Accounts receivable, net	2,098
Other current assets, others	6,565
Non-current assets	
Other non-current assets, others	472
Current liabilities	
Other payables, others	(7,099)
Other current liabilities, others	<u>(3,696)</u>
Net liabilities disposed	<u>\$ (1,441)</u>

c. Gain on disposal of subsidiary

Shanghai YFY International Trade Co., Ltd.

Consideration received	\$ 86
Net liabilities disposed	1,441
Effect of foreign currency exchange differences	<u>236</u>
Gain on disposal of subsidiary (accounted for as other income, others)	<u>\$ 1,763</u>

d. Net cash outflow on disposal of subsidiary

Shanghai YFY International Trade Co., Ltd.

Consideration received in cash	\$ 86
Less: Cash balance disposed of	<u>(219)</u>
	<u>\$ (133)</u>

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

For the year ended December 31, 2021

The Company disposed of its partial ownership of Shin Foong Specialty and Applied Materials Co., Ltd. for the year ended December 31, 2021. Thus, the shareholding ratio of the Group in Shin Foong Specialty and Applied Materials Co., Ltd. was reduced to 48.0%.

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	\$ 252,383
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(56,526)
Reattribution of other equity from non-controlling interests	
Exchange differences on translation of foreign financial statements	<u>(5)</u>
Differences recognized from equity transactions	<u>\$ 195,852</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 195,852</u>

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

For the year ended December 31, 2021

Due to equity changes, such as 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 from 73.0% to 66.9% (which comprise 59.1% owned by the Company, 5.9% owned by YFY Paradigm Investment Co., Ltd., and 1.9% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)).

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

	Yuen Foong Yu Consumer Products Co., Ltd.
Consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	576,708
Reattribution of other equity from non-controlling interests	
Exchange differences on translation of foreign financial statements	<u>(15,795)</u>
Differences recognized from equity transactions	<u>\$ 560,913</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in ownership interests in subsidiaries	<u>\$ 560,913</u>

For the year ended December 31, 2020

The Group disposed of its partial ownership of Yuen Foong Yu Consumer Products Co., Ltd. in the year ended December 31, 2020 and reduced its ownership. As of December 31, 2020, the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 73.0% (which comprise 64.5% owned by the Company, 6.4% owned by YFY Paradigm Investment Co., Ltd., and 2.1% owned by YFY Development Corp. (originally named as YFY Capital Co., Ltd.)).

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

	Yuen Foong Yu Consumer Products Co., Ltd.
Consideration received	\$ 2,347,812
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(873,607)
Reattribution of other equity to non-controlling interests	
Exchange differences on translation of foreign financial statements	<u>(50,578)</u>
Differences recognized from equity transactions	<u>\$ 1,423,627</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 1,423,627</u>

c. Willpower Industries Ltd.

For the year ended December 31, 2021

The Group acquired all shares of Willpower Industries Ltd. owned by Great Pacific Investments Limited in August 2021. Thus, the shareholding ratio of the Group in Willpower Industries Ltd. was increased from 55.2% to 100%.

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

	Willpower Industries Ltd.
Consideration paid	\$ (1,739,062)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>1,050,457</u>
Differences recognized from equity transactions	<u>\$ (688,605)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (688,605)</u>

31. 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).

32. 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

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>
				(Continued)

	Level 1	Level 2	Level 3	Total
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> (Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 8,896	\$ -	\$ 8,896
Mutual funds	1,124,623	-	-	1,124,623
Structured deposits	<u>-</u>	<u>1,584,705</u>	<u>-</u>	<u>1,584,705</u>
	<u>\$ 1,124,623</u>	<u>\$ 1,593,601</u>	<u>\$ -</u>	<u>\$ 2,718,224</u>
Financial assets held for hedging (accounted for as other current assets, others)				
Derivative financial assets	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 54</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 14,672,029	\$ -	\$ -	\$ 14,672,029
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>4,962,769</u>	<u>4,962,769</u>
	<u>\$ 14,672,029</u>	<u>\$ -</u>	<u>\$ 4,962,769</u>	<u>\$ 19,634,798</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 147,149</u>	<u>\$ -</u>	<u>\$ 147,149</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

For the year ended December 31, 2021

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 4,962,769
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	38,364
Disposals	(80,339)
Return of capital upon investees' capital reduction	(64,254)
Effects of foreign currency exchange differences	<u>(10,746)</u>
Balance at December 31, 2021	<u>\$ 4,845,794</u>

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 4,064,346
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	1,050,082
Purchases	23,880
Disposals	(62,712)
Return of capital upon investees' capital reduction	(99,612)
Effects of foreign currency exchange differences	<u>(13,215)</u>
Balance at December 31, 2020	<u>\$ 4,962,769</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 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 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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 3,026,461	\$ 2,718,224
FVTOCI	23,594,989	19,634,798
Derivative instruments in designated hedge accounting relationships	-	54
Amortized cost (1)	29,260,271	24,411,439
<u>Financial liabilities</u>		
FVTPL		
Held for trading	69,687	147,149
Amortized cost (2)	62,613,498	58,089,476

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, net, accounts receivable, 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 payable, notes and accounts payable, accounts payables to related parties, other payables, others, and non-current 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 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 relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<u>For the Year Ended December 31</u>	
	2021	2020
Influence to profit or loss at 5% variance		
USD	\$ (12,689)	\$ 17,515
RMB	\$ (84,845)	\$ (161,599)

b) Interest rate risk

The Group was exposed to interest rate risk arising 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:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 7,338,411	\$ 4,106,856
Financial liabilities	9,296,157	9,398,814
Lease liabilities	649,623	445,252
Cash flow interest rate risk		
Financial assets	4,313,350	4,925,981
Financial liabilities	36,657,474	33,642,624

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 years ended December 31, 2021 and 2020 would have decreased/increased by \$64,688 thousand and \$57,433 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 years ended December 31, 2021 and 2020 would have increased/decreased by \$75,846 thousand and \$56,231 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 years ended December 31, 2021 and 2020 would have increased/decreased by \$1,179,749 thousand and \$981,740 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to price risk of investments in equity securities increased during the year, 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 December 31, 2021 and 2020, the amount of unused financing facilities were \$54,758,140 thousand and \$54,579,359 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 had 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.

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>

December 31, 2020

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 7,044,065	\$ 27,627,689	\$ 748,756
Fixed interest rate liabilities	9,403,000	-	-
Lease liabilities	<u>181,981</u>	<u>314,123</u>	<u>29,451</u>
	<u>\$ 16,629,046</u>	<u>\$ 27,941,812</u>	<u>\$ 778,207</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 Year Ended December 31	
	2021	2020
The discounted amount	<u>\$ 1,294,493</u>	<u>\$ 1,070,531</u>
The received amount	<u>\$ 1,272,838</u>	<u>\$ 1,050,367</u>
Interest rates	1.30%-4.30%	1.95%-3.84%

33. 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
Wei-Li Tsai	Entity with key management personnel
Taiwan Global BioFund Co., Ltd. (Note)	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
YFY Green Food (Shanghai) Co., Ltd.	Associate
Vinh Phu Packing And Printing Company Limited	Associate

(Continued)

Related Party	Relationship with the Group
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
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
	(Concluded)

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

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Substantive related party	\$ 168,283	\$ 223,777
Entities with key management personnel	94,510	73,730
Associate	<u>57,983</u>	<u>22,417</u>
	<u>\$ 320,776</u>	<u>\$ 319,924</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 Year Ended December 31	
	2021	2020
Associate	\$ 211,328	\$ 222,428
Substantive related party	11,254	5,344
Entities with key management personnel	<u>4,929</u>	<u>4,171</u>
	<u>\$ 227,511</u>	<u>\$ 231,943</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	December 31	
		2021	2020
Receivables from related parties	Substantive related party		
	Beautone Co., Ltd.	\$ 26,839	\$ 38,108
	Others	4,449	5,291
		<u>31,288</u>	<u>43,399</u>
	Entities with key management personnel		
	Yuen Foong Paper Co., Ltd.	30,292	16,771
	Others	208	274
		<u>30,500</u>	<u>17,045</u>
	Associate		
	Transcend Optronics (Yangzhou) Co., Ltd.	7,717	-
Other receivables (accounted for as other current assets)	Taiwan Global BioFund Co., Ltd.	-	27,106
	Others	1,898	10,648
		<u>9,615</u>	<u>37,754</u>
		<u>\$ 71,403</u>	<u>\$ 98,198</u>
	Substantive related party		
	Ho Tien Co., Ltd.	\$ 26,520	\$ -
	Others	109	46
		<u>26,629</u>	<u>46</u>
	Associate	435	311
	Entities with key management personnel	23	38
		<u>\$ 27,087</u>	<u>\$ 395</u>

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	December 31	
		2021	2020
Payables to related parties	Associate		
	YJY Packaging Ltd.	\$ 32,503	\$ 41,760
	JLD Logistics Ltd.	9,003	8,739
	Vinh Phu Packing And Printing Company Limited	4,420	29,870
	Others	326	460
		<u>46,252</u>	<u>80,829</u>
	Entities with key management personnel	8,646	6,346
	Substantive related party	2,114	2,481
		<u>\$ 57,012</u>	<u>\$ 89,656</u>
		<u>\$ 7,169</u>	<u>\$ 17,568</u>
Other payables (accounted for as other current liabilities)	Associate	\$ 7,169	\$ 17,568

The outstanding accounts payable to related parties were unsecured.

f. Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Substantive related party	\$ <u>-</u>	\$ <u>116</u>

g. Disposal of investment property

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Substantive related party				
Ho Tien Co., Ltd.	\$ <u>26,520</u>	\$ <u>-</u>	\$ <u>24,053</u>	\$ <u>-</u>

The sales proceeds of \$26,520 thousand were fully collected in February 2022.

h. Acquisitions of financial assets

For the year ended December 31, 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	-
Associate	Current and non-current financial assets at fair value through other comprehensive income (loss)	20,014,552	Ordinary shares	<u>470,150</u>	(Note)
				<u>\$ 545,175</u>	

Note: Taiwan Global BioFund Co., Ltd. was liquidated in September 2021, and the remaining assets were distributed in accordance with the proportion of the original shareholders' capital contribution.

i. Disposal of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Gain (Loss) on Disposal
Associate	Investments accounted for using equity method	337,000	Ordinary shares	\$ 11,447	(Note)
Entities with key management personnel	Investments accounted for using equity method	100,000	Ordinary shares	<u>3,400</u>	(Note)
				<u>\$ 14,847</u>	

In response to the initial public offering of Yuen Foong Yu Consumer Products Co., Ltd. the Company conducted the share diversification. The Company disposed of partial ownership of Yuen Foong Yu Consumer Products Co., Ltd. to shareholders and employees of the Company.

Note: Since the Group did not cease to have control over this subsidiary, the transactions were accounted for as equity transactions. Gain (loss) on disposal is recognized in capital surplus, refer to Note 30.

j. Others

Rental income

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2021	2020
Entities with key management personnel		
Yuen Foong Paper Co., Ltd.	\$ 7,894	\$ 7,920
Others	<u>159</u>	<u>159</u>
	8,053	8,079
Substantive related party	7,205	7,213
Associate	<u>1,410</u>	<u>1,207</u>
	<u>\$ 16,668</u>	<u>\$ 16,499</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2021	2020
Entities with key management personnel	\$ 44,373	\$ 43,687
Substantive related party	4,207	1,685
Associate	<u>-</u>	<u>98</u>
	<u>\$ 48,580</u>	<u>\$ 45,470</u>

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

Other

In November 2015, the Group bought Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015, which amounted to \$400,000 thousand (accounted for as non-current financial assets at FVTPL) and had an interest rate of 3.9%. The debentures had been redeemed by Bank SinoPac in November 2020.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 109,273	\$ 98,190
Post-employment benefits	<u>6,326</u>	<u>431</u>
	<u>\$ 115,599</u>	<u>\$ 98,621</u>

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

34. ASSETS PLEDGED OR MORTGAGED

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

	December 31	
	2021	2020
Notes receivable, net	\$ 2,917,520	\$ 2,044,721
Property, plant and equipment	719,649	903,352
Pledged deposits (classified as other current financial assets)	202,762	28,147
Land use rights (accounted for as right-of-use assets)	98,253	103,881
Pledged time deposits (accounted for as other current financial assets and other non-current assets, others)	145,738	3,123
Structured deposit (accounted for as current financial assets at fair value through profit or loss)	<u>-</u>	<u>73,373</u>
	<u>\$ 4,083,922</u>	<u>\$ 3,156,597</u>

35. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$686,264 thousand and \$799,883 thousand, respectively.

As of December 31, 2021 and 2020, the contract of commitment to acquire land, property, plant and equipment amounted to \$296,822 thousand and \$2,767,256 thousand, respectively. The outstanding payments were \$154,687 thousand and \$1,180,333 thousand, respectively.

36. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's subsidiaries, customers, and suppliers were required to implement policies such as isolation and travel restrictions. In response to the pandemic, the Yangzhou Municipal Government in mainland China implemented measures to place the city under lockdown and required local companies to suspend operation in August 2021, which affected the operation of some subsidiaries. The suspension of operation was lifted and the subsidiaries, which were affected by the lockdown, returned to normal operations in September 2021. However, due to the hot sales of anti-epidemic concept products, increase in demand and price of paper and paper products, the Group's revenue and operating profit increased for the year ended December 31, 2021. The Group will continue to evaluate the impact of subsequent epidemic events on its operations.

37. 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 functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follow:

December 31, 2021			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,497,733	0.157 (RMB:USD)	\$ 10,843,866
RMB	258,936	4.341 (RMB:NTD)	1,124,165
USD	77,491	27.68 (USD:NTD)	2,144,960
VND	1,120,487,490	0.00004 (VND:USD)	1,358,762
<u>Foreign currency liabilities</u>			
Monetary items			
USD	54,271	27.68 (USD:NTD)	1,502,223
USD	37,152	6.3757 (USD:RMB)	1,028,369
VND	1,001,490,308	0.00004 (VND:USD)	1,214,459
December 31, 2020			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,494,422	0.153 (RMB:USD)	\$ 10,887,696
USD	89,334	28.48 (USD:NTD)	2,544,222
VND	1,035,394,362	0.00004 (VND:USD)	1,276,649
<u>Foreign currency liabilities</u>			
Monetary items			
USD	52,828	28.48 (USD:NTD)	1,504,546
USD	41,706	6.524 (USD:RMB)	1,187,776

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gain (loss) were a loss of \$82,243 thousand and a gain of \$696,352 thousand, respectively. It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

38. 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. (Table 6)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 7)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 8)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 9)
- 9) Trading in derivative instruments. (Notes 7 and 10)
- 10) Intercompany relationships and significant intercompany transactions. (Table 12)

b. Information on investees (Table 10)

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 11)
- 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 8)

- 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 13)

39. 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 year ended December 31, 2021</u>							
Revenue from external customers	\$ 18,268,669	\$ 18,247,854	\$ 19,737,212	\$ 9,873,606	\$ 7,864,924	\$ 11,306,592	\$ 85,298,857
Revenue from other internal operating segments	3,763,181	2,382,170	313,105	16,747	296,790	831,905	7,603,898
Segment revenue	<u>\$ 22,031,850</u>	<u>\$ 20,630,024</u>	<u>\$ 20,050,317</u>	<u>\$ 9,890,353</u>	<u>\$ 8,161,714</u>	<u>\$ 12,138,497</u>	92,902,755
Eliminations							(7,603,898)
Consolidated revenue							<u>\$ 85,298,857</u>
Total profit or loss for reportable segments	<u>\$ 272,452</u>	<u>\$ 2,140,321</u>	<u>\$ (74,841)</u>	<u>\$ 1,237,265</u>	<u>\$ 4,366,172</u>	<u>\$ 9,750</u>	\$ 7,951,119
Eliminations							59,734
Segment profit or loss							8,010,853
Finance costs							(543,080)
Net loss on fair value change of financial instruments at fair value through profit or loss							(210,598)
Foreign exchange loss							(82,243)
Net non-operating income and expenses							<u>2,595,789</u>
Profit before income tax							<u>\$ 9,770,721</u>
<u>For the year ended December 31, 2020</u>							
Revenue from external customers	\$ 15,547,483	\$ 15,144,381	\$ 17,510,196	\$ 10,131,901	\$ 5,038,649	\$ 9,861,936	\$ 73,234,546
Revenue from other internal operating segments	3,069,211	2,985,239	153,271	15,837	229,770	841,168	7,294,496
Segment revenue	<u>\$ 18,616,694</u>	<u>\$ 18,129,620</u>	<u>\$ 17,663,467</u>	<u>\$ 10,147,738</u>	<u>\$ 5,268,419</u>	<u>\$ 10,703,104</u>	80,529,042
Eliminations							(7,294,496)
Consolidated revenue							<u>\$ 73,234,546</u>
Total profit or loss for reportable segments	<u>\$ (390,177)</u>	<u>\$ 1,945,833</u>	<u>\$ 275,057</u>	<u>\$ 1,545,970</u>	<u>\$ 2,201,860</u>	<u>\$ (31,479)</u>	\$ 5,547,064
Eliminations							55,840
Segment profit or loss							5,602,904
Finance costs							(696,626)
Net loss on fair value change of financial instruments at fair value through profit or loss							(825,398)
Foreign exchange gain							696,352
Net non-operating income and expenses							<u>3,599,301</u>
Profit before income tax							<u>\$ 8,376,533</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

	December 31	
	2021	2020
<u>Segment assets</u>		
Business unit of pulp and fine paper	\$ 33,968,456	\$ 32,670,233
Business unit of containerboard and packaging in Taiwan	22,018,519	19,991,380
Business unit of containerboard and packaging in mainland China	22,810,564	22,346,822
Business unit of consumer products	7,943,667	7,541,547
Business unit of special materials	8,731,610	5,964,918
Other segments	83,407,148	76,691,804
Adjustment and elimination	<u>(42,445,700)</u>	<u>(41,435,494)</u>
Consolidated total assets	<u>\$ 136,434,264</u>	<u>\$ 123,771,210</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 are detailed below.

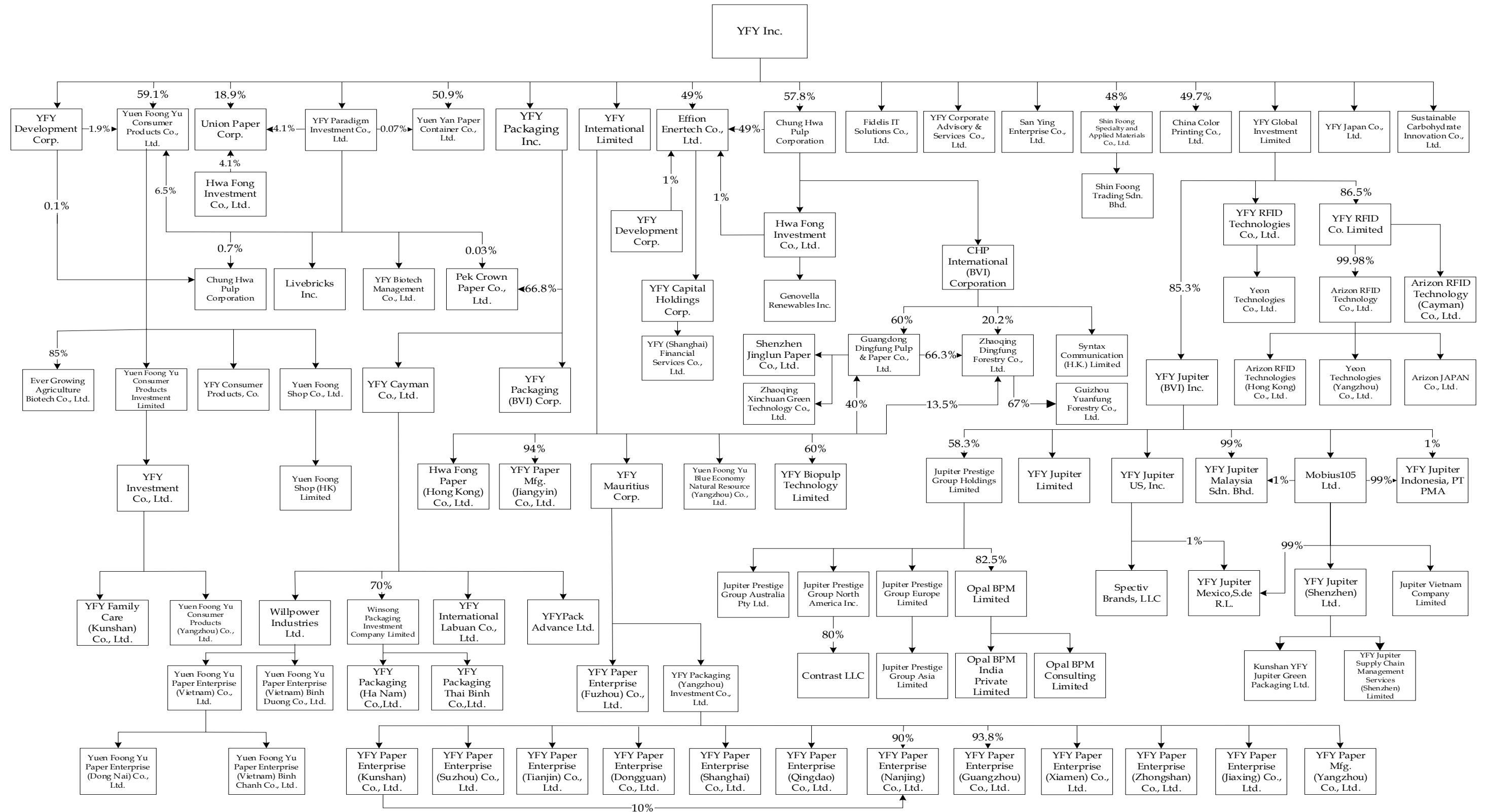
	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan	\$ 44,354,172	\$ 37,127,680	\$ 36,894,374	\$ 34,804,721
Mainland China	28,646,955	25,517,545	16,962,863	17,723,781
Others	<u>12,297,730</u>	<u>10,589,321</u>	<u>3,146,569</u>	<u>3,239,704</u>
	<u>\$ 85,298,857</u>	<u>\$ 73,234,546</u>	<u>\$ 57,003,806</u>	<u>\$ 55,768,206</u>

Information about Major Customers

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

TABLE 1**YFY INC. AND SUBSIDIARIES**

**DIAGRAM OF INVESTMENT STRUCTURE
DECEMBER 31, 2021**



Note : 100% of Ownership, Unless Otherwise Stated.

TABLE 2

YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	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 Limited	YFY International Limited	Other receivables from related parties	Yes	\$ 1,192,380	\$ -	\$ -	-	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 11,611,177	\$ 11,611,177	-
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,786,689	1,780,008	1,780,008	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	11,611,177	11,611,177	-
2	YFY International Limited	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	6,622,090	5,508,258	5,508,258	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	219,367	217,074	217,074	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	596,677	590,442	590,442	2.5	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	315,011	311,719	311,719	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	219,367	217,074	217,074	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	161,235	159,550	159,550	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	150,343	149,781	149,781	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	262,143	60,781	-	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	200,940	86,830	86,830	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	120,652	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	383,502	112,010	112,010	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	29,941,222	29,941,222	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	131,620	130,245	130,245	3.75	Short-term financing	-	Financing for working capital requirements	-	-	-	5,988,244	5,988,244	-
3	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	50,812	50,622	46,579	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	51,907	207,626	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	50,812	50,622	19,574	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	51,907	207,626	-
4	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	981,571	580,643	248,420	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,208,081	1,208,081	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	981,571	580,643	274,590	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,208,081	1,208,081	-
5	YFY Paper Enterprise (Xiamen) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	345,507	342,026	27	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	684,059	684,059	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	345,507	342,026	107,928	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	684,059	684,059	-
6	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,942,427	1,015,221	554,743	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,100,435	2,100,435	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,942,427	1,015,221	125,241	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,100,435	2,100,435	-
7	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	836,429	463,796	1,336	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,015,417	1,015,417	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	836,429	463,796	68,623	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,015,417	1,015,417	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	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			
8	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 1,007,186	\$ 809,470	\$ 288,250	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 1,042,181	\$ 1,042,181	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,007,186	809,470	137,885	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,042,181	1,042,181	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Ye	196,100	195,367	195,367	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,042,181	1,042,181	-
9	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,563,017	831,590	597,535	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,715,982	1,715,982	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,563,017	831,590	226,656	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,715,982	1,715,982	-
10	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,925,234	832,840	575,642	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,126,188	2,126,188	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,925,234	832,840	212,559	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,126,188	2,126,188	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	196,100	195,367	195,367	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,126,188	2,126,188	-
11	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	468,152	259,794	50	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	519,590	519,590	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	468,152	259,794	67,288	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	519,590	519,590	-
12	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	504,125	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	25,206	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
13	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	696,994	417,790	431	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	885,186	885,186	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	696,994	417,790	152,189	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	885,186	885,186	-
14	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	264,701	116,595	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	233,196	233,196	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	264,701	116,595	20,939	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	233,196	233,196	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	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	\$ 438,733	\$ 417,564	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 417,568	\$ 417,568	-
		Kunshan YFY Advertising and Printing Co., Ltd.	Other receivables from related parties	Yes	438,733	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	12,917	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	92,968	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,155,309	208,782	13	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,155,309	208,782	70,505	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Other receivables from related parties	Yes	115,529	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	438,733	417,564	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	417,568	417,568	-
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	3,097	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	Note 3
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	20,878	83,514	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	153,557	20,878	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	20,878	83,514	-
16	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	99,157	98,786	98,613	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	197,579	197,579	-
17	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	311,892	303,227	109,548	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	606,455	606,455	-
18	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	124,968	107,269	45,225	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	214,541	214,541	-
19	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	39,586	39,438	39,203	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	78,884	78,884	-
20	YFY RFID Co., Limited.	YFY International Limited	Other receivables from related parties	Yes	206,682	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,962,700	5,962,700	-

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	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	Hwa Fong Paper (Hong Kong) Co., Ltd.	YFY International Limited	Other receivables from related parties	Yes	\$ 73,814	\$ 46,226	\$ 46,226	0.80	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 136,337	\$ 136,337	-
22	YFY Jupiter Limited	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	86,947	77,162	77,162	1.50-1.60	Short-term financing	-	Financing for working capital requirements	-	-	-	265,178	265,178	-
		YFY Jupiter Indonesia, PT PMA	Other receivables from related parties	Yes	42,585	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	265,178	265,178	-
23	Mobius105 Ltd.	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	30,309	30,005	30,005	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	705,578	705,578	-
24	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	483,648	448,922	104,921	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	448,924	1,795,695	-
25	CHP International (BVI) Corporation	Zhaoqing Dingfung Forestry Co., Ltd.	Other receivables from related parties	Yes	313,885	304,480	304,480	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,944,748	1,944,748	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	184,268	182,342	182,342	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	1,944,748	1,944,748	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,123,158	1,111,420	1,111,420	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	1,944,748	1,944,748	-
26	Shenzhen Jinglun Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	14,311	14,257	2,513	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	14,258	57,032	-
27	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	285,350	276,800	276,800	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	6,223,691	6,223,691	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	428,025	415,200	415,200	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	6,223,691	6,223,691	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	142,675	138,400	138,400	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	6,223,691	6,223,691	-
28	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	413,594	270,715	93,575	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	541,429	541,429	-
29	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,122,122	1,117,926	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,235,853	2,235,853	-
30	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,226,060	2,217,737	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,435,474	4,435,474	-
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,226,060	2,217,737	133,278	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,435,474	4,435,474	-
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	3,462	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	Note 3
31	YFY Mauritius Corp.	YFY International Limited	Other receivables from related parties	Yes	285,350	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	11,721,303	11,721,303	-
32	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Vinh Phu Packing And Printing Company Limited	Other receivables from related parties	Yes	18,555	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	632,098	632,098	Note 2
33	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	417,750	55,360	55,360	1.00	Short-term financing	-	Financing for working capital requirements	-	-	-	12,747,491	12,747,491	-
34	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Fidelis IT Solutions Co., Ltd.	Other receivables from related parties	Yes	50,000	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	853,537	853,537	-
35	Effion Enertech Co., Ltd.	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Other receivables from related parties	Yes	122,000	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	184,124	184,124	-
		YFY Paradigm Investment Co., Ltd.	Other receivables from related parties	Yes	184,000	184,000	184,000	0.85	Short-term financing	-	Financing for working capital requirements	-	-	-	184,124	184,124	-
36	YFY Japan Co., Ltd	YFY International Limited	Other receivables from related parties	Yes	67,900	52,910	52,910	0.75	Short-term financing	-	Financing for working capital requirements	-	-	-	202,152	202,152	-

(Continued)

- 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:

Unless stated otherwise, the transaction has been eliminated in preparing the consolidated financial statements.
- Note 3:

The Group disposed all its ownership of Shanghai YFY International Trade Co., Ltd. in August 2021 and therefore lost control of it. Thus, the limit of individual loans and total loans provided to Shanghai YFY International Trade Co., Ltd. was zero.

(Concluded)

TABLE 3

YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	<u>Endorsement/guarantee</u> YFY Inc.	YFY Packaging (Yangzhou) Investment Co., Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a. Note 3 a.	\$ 72,602,331 72,602,331	\$ 1,045,866 3,007,536	\$ 1,041,956 2,560,985	\$ - 737,546	\$ - -	2.04 5.00	\$ 96,803,108 96,803,108	Yes Yes	No No	Yes Yes
2	Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd. Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd. Vinh Phu Packing And Printing Company Limited	Note 3 a. Note 3 a. Note 3 a. Note 3 c.	3,320,509 3,320,509 3,320,509 221,367	667,200 1,000,800 542,100 148,279	664,320 996,480 539,760 78,428	304,480 570,485 287,872 32,724	- - - -	44.59 66.89 36.23 5.26	4,427,344 4,427,344 4,427,344 221,367	Yes Yes Yes No	No No No No	No No No No
3	Winsong Packaging Investment Company Limited	YFY Packaging Thai Binh Co., Ltd. YFY Packaging (Ha Nam) Co., Ltd.	Note 3 a. Note 3 a.	516,206 516,206	28,535 256,815	27,680 249,120	17,145 195,946	- -	7.73 69.60	688,274 688,274	Yes Yes	No No	No No
1	<u>Credit line (Note 4)</u> YFY Inc.	YFY Global Investment Limited YFY Paradigm Investment Co., Ltd. YFY International Limited YFY Development Corp. (originally named as YFY Capital Co., Ltd.) YFY Jupiter Limited YFY Jupiter (BVI) Inc. Mobius105 Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a.	72,602,331 72,602,331 72,602,331 72,602,331 72,602,331 72,602,331 72,602,331 72,602,331	1,278,800 2,370,000 3,010,500 3,900,000 282,127 428,025 83,400 435,778	1,273,280 2,370,000 2,998,800 3,900,000 270,408 415,200 83,040 434,148	46,577 706,000 833,031 1,780,000 139,408 174,661 - -	- - - - - - - -	2.49 4.63 5.86 7.62 0.53 0.81 0.16 0.85	96,803,108 96,803,108 96,803,108 96,803,108 96,803,108 96,803,108 96,803,108 96,803,108	No No No No No No No No	No No No No No No No No	No No No No No No No No
2	Chung Hwa Pulp Corporation	Hwa Fong Investment Co., Ltd. CHP International (BVI) Corporation Guangdong Dingfung Pulp & Paper Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	23,248,494 23,248,494 23,248,494	130,000 639,400 175,493	130,000 636,640 -	27,000 - -	- - -	0.84 4.12 -	30,997,992 30,997,992 30,997,992	No No No	No No No	No No No
3	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 a.	9,560,618	1,055,795	442,880	-	-	6.62	12,747,490	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. Same ultimate parent company.
- c. Associate.

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

TABLE 4

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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	December 31, 2021				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	448,629	\$ 6,302	-	\$ 6,302	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	475,940,588	7,686,441	4.2	7,686,441	
	Zhen Ding Technology Holding Limited	-	"	7,464,617	750,194	0.8	750,194	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	"	97,502,590	1,501,540	13.6	1,501,540	
	Medeon Biodesign, Inc.	-	"	1,687,565	152,556	2.3	152,556	
	Taiwan Stock Exchange Corporation	Note 1	"	25,215,244	3,198,935	3.0	3,198,935	
	Canada Investment and Development Co., Ltd.	Note 1	"	20,826,000	229,687	12.9	229,687	
	Synmax Biochemical Co., Ltd.	Note 1	"	5,999,371	140,378	13.9	140,378	
	Universal Investment Co., Ltd.	Note 1	"	5,221,228	43,338	3.0	43,338	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	"	4,200,000	74,601	14.0	74,601	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	"	1,600,000	17,865	8.0	17,865	
	Shin Taiwan Kubota Co., Ltd.	Note 1	"	5,612	49,289	5.5	49,289	
	China Trade and Development Corp.	-	"	377,634	3,279	0.6	3,279	
	Sino Cell Technologies Ltd.	-	"	1,691,656	8,246	10.0	8,246	
	Yuen Foong Paper Co., Ltd.	Note 2	"	544,067	11,414	0.7	11,414	
	KHL IB Venture Capital Co., Ltd.	-	"	12,443,688	273,718	14.9	273,718	
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 Limited	<u>Beneficiary certificates</u> WI Harper INC Fund VII LP	-	Non-current financial assets at fair value through other comprehensive income	-	US\$ 169 thousand	0.2	US\$ 169 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\$ 2,986 thousand	6.5	US\$ 2,986 thousand	
	Micareo Inc.	Note 1	"	8,124,999	US\$ 261 thousand	19.9	US\$ 261 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	34,899,171	\$ 490,236	-	\$ 490,236	
	PIMCO GIS Total Return Bond Fund-E Class	-	"	218,899	81,859	-	81,859	
	Mega Diamond Money Market Fund	-	"	31,575,236	400,298	-	400,298	
	Hua Nan Phoenix Money Market Fund	-	"	15,236,099	250,170	-	250,170	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	21,891,143	353,542	0.2	353,542	
	Foongtone Technology Co., Ltd.	-	"	2,884,415	74,023	11.8	74,023	
China Color Printing Co., Ltd.	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	2,148,535	32,200	-	32,200	
	Prudential Financial Money Market Fund	-	"	1,565,896	25,041	-	25,041	
	<u>Ordinary shares</u> China Development Financial Holding Corporation	-	Current financial assets at fair value through other comprehensive income	9,959,081	174,284	0.1	174,284	
	China Parcel Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	463,917	5,064	10.8	5,064	
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	212,289,885	3,428,482	1.9	3,428,482	
	Medeon Biodesign, Inc.	-	"	510,251	46,127	0.7	46,127	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,490,949	53,761	0.5	53,761	
	Advance Materials Corporation Co., Ltd.	-	"	1,542,258	18,893	1.3	18,893	
	Quan Yuan Investment Co., Ltd.	Note 1	"	5,250,000	45,440	5.5	45,440	
	Universal Venture Capital Investment Corporation	Note 1	"	5,600,000	39,977	4.7	39,977	
	Everterminal Co., Ltd.	-	"	1,200,960	18,146	2.5	18,146	
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	2,316,603	1.3	2,316,603	
	Zhen Ding Technology Holding Limited	-	"	467,106	46,944	0.1	46,944	
	Medeon Biodesign, Inc.	-	"	130,670	11,813	0.2	11,813	
	Shen's Art Printing Co., Ltd.	-	"	43,109	625	0.1	625	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u> TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	17,654,353	\$ 271,877	2.5	\$ 271,877	
	Canada Investment and Development Co., Ltd.	Note 1	"	2,574,000	28,388	1.6	28,388	
	Locus Publishing Company	Note 1	"	1,402,386	14,501	13.5	14,501	
	Sino Cell Technologies Ltd.	Note 1	"	1,691,343	8,244	10.0	8,244	
	Foongtone Technology Co., Ltd.	Note 1	"	1,370,730	35,177	5.6	35,177	
	Taiwan Stock Exchange Corporation	-	"	1,743	221	-	221	
	Overseas Investment & Development Co., Ltd.	-	"	1,000,000	8,580	1.1	8,580	
	Echem Solutions Corp.	-	"	819,684	72,132	1.0	72,132	
	Fu Hwa Development Enterprise Co., Ltd.	-	"	1,050,000	18,650	3.5	18,650	
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.	-	"	275,000	-	1.0	-	
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	99,809,327	1,611,921	0.9	1,611,921	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	323,455	29,240	0.4	29,240	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	"	17,829,132	274,570	2.5	274,570	
	Direct Insight Inc.	-	"	265,000	3	1.0	3	
	KHL IB Venture Capital Co., Ltd.	-	"	12,443,688	273,718	14.9	273,718	
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	38,678	-	38,678	
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	4,410,118	61,950	-	61,950	
Union Paper Corp.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	87,878	1,234	-	1,234	
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 162,279 thousand	36.7	JPY 162,279 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	4,987,494	\$ 70,060	-	\$ 70,060	
Genovella Renewables Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	97,099	1,364	-	1,364	
San Ying Enterprise Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	215,166	3,022	-	3,022	
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	4,552	-	4,552	
Sustainable Carbohydrate Innovation Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,606,064	22,561	-	22,561	
YFY Biotech Management Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	4,703,897	66,077	-	66,077	
	<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.	-	"	2,662,558	-	2.2	-	
	ACM Medical Technologies, Inc.	-	"	760,000	-	7.3	-	
	Nereus Pharmaceuticals Inc.	-	"	1,682,602	-	0.9	-	
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	
	Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 017 in 2021	-	"	-	RMB 15,000 thousand	-	RMB 15,000 thousand	
	Industrial and Commercial Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 2 in 2021	-	"	-	RMB 22,000 thousand	-	RMB 22,000 thousand	
	Bank of Communications RMB Large-denomination Certificate of Deposit for Corporate Clients No. 55 in 2021	-	"	-	RMB 13,000 thousand	-	RMB 13,000 thousand	

(Continued)

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)

TABLE 5

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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 (Loss) on Disposal		Number of Shares	Amount	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	Note 1	-	-	40,171,624	\$ 610,221	23,664,469	\$ 300,000	32,260,857	\$ 510,213	\$ 510,000	\$ 213 (Note 4)	\$ 77 (Note 4)	31,575,236	\$ 400,298	-
	SinoPac TWD Money Market Fund	"	"	"	8,558,748	120,025	58,065,691	815,000	31,725,268	445,364	445,000	364 (Note 4)	211 (Note 4)	34,899,171	490,236	-
	UPAMC James Bond Money Market Fund	"	"	"	-	-	53,405,267	900,000	53,405,267	900,530	900,000	530 (Note 4)	-	-	-	-
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	<u>Beneficiary certificates</u> Capital Money Market Fund	Note 1	-	-	-	-	36,838,415	600,000	36,838,415	600,013	600,000	13 (Note 4)	-	-	-	-
YFY Packaging Inc.	<u>Ordinary shares</u> YFY Cayman Co., Ltd.	Note 2	Note 3	Subsidiary	35,615,601	1,501,534	35,000,000	973,875	-	-	-	-	(594,736) (Note 5)	70,615,601	1,880,673	Note 6
YFY Cayman Co., Ltd.	<u>Ordinary shares</u> Willpower Industries Ltd.	Note 2	Great Pacific Investments Limited	-	8,550,000	US\$ 44,115 thousand	6,950,000	US\$ 62,500 thousand	-	-	-	-	US\$ (52,793) thousand (Note 5)	15,500,000	US\$ 53,822 thousand	Note 6

- Note 1: Accounted for as current financial assets at FVTPL.
- Note 2: Accounted for as investments accounted for using equity method.
- Note 3: Investment is cash capital increase; therefore, the counterparty of investment is the investee company.
- Note 4: Accounted for as gain (loss) on financial assets or liabilities at FVTPL.
- Note 5: Including capital surplus, retained earnings, exchange differences on translation and share of profit (loss) of associates accounted for using equity method, net.
- Note 6: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 6

YFY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Property, plant and equipment and right-of-use assets	2021/1/13	\$ 924,004	Note	The original shareholder of YFY Packaging Inc. (i.e., the Company)	Related party	The Company	Parent company	2005/9/1	\$ 274,305	Note	Adjustments made by the Group to implement the specialization	-
YFY Packaging Inc.	Land and plant	2021/7/14	500,000	Paid	Apple Daily Publication Development Limited	Non-related party	-	-	-	-	Reference market value and appraisal of the real estate	Expand operation	-

Note: In order to specialize on its major business operation, the Group spun off assets, liabilities and business operation of the Chenggong plant of YFY Packaging Inc. and integrated them into YFY Development Corp. (originally named as YFY Capital Co., Ltd.), and 40,798 thousand ordinary shares were issued by YFY Development Corp. (originally named as YFY Capital Co., Ltd.) as the consideration for the transfer in January 2021.

TABLE 7

YFY INC. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
YFY Packaging Inc.	Property, plant and equipment and right-of-use assets	2021/1/13	2005/9/1	\$ 924,004	\$ 924,004	Note	\$ -	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Related party	Adjustments made by the Group to implement the specialization	Note	-

Note: In order to specialize on its major business operation, the Group spun off assets, liabilities and business operation of the Chenggong plant of YFY Packaging Inc. and integrated them into YFY Development Corp. (originally named as YFY Capital Co., Ltd.), and 40,798 thousand ordinary shares were issued by YFY Development Corp. (originally named as YFY Capital Co., Ltd.) as the consideration for the transfer in January 2021.

TABLE 8

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 YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 a	Sales	\$ 900,017	8	In agreed terms	\$ -	-	\$ 72,712	2	-
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 a	Sales	713,083	6	In agreed terms	-	-	119,217	4	-
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 a	Sales	487,879	4	In agreed terms	-	-	40,731	1	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 a	Sales	243,243	2	In agreed terms	-	-	10,785	-	-
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 a	Sales	537,549	5	In agreed terms	-	-	56,887	2	-
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 a	Sales	436,191	4	In agreed terms	-	-	71,849	2	-
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 a	Sales	494,046	4	In agreed terms	-	-	47,243	2	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 a	Sales	6,991,285	60	In agreed terms	-	-	1,379,519	46	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 a	Sales	269,147	2	In agreed terms	-	-	28,900	1	-
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 a	Sales	227,920	2	In agreed terms	-	-	12,833	-	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 a	Sales	192,722	2	In agreed terms	-	-	13,813	-	-
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a	Sales	923,123	7	3 months after transaction months	-	-	188,905	7	-
	Chung Hwa Pulp Corporation	Note 1 b	Sales	1,119,501	8	2 months after transaction months	-	-	253,693	9	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	108,991	1	In agreed terms	-	-	25,451	1	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b	Sales	939,384	7	In agreed terms	-	-	165,138	6	-
Chung Hwa Pulp Corporation	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Note 1 b	Sales	919,576	5	Half months after transaction months	-	-	56,905	2	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	683,065	4	2 months after transaction months	-	-	134,892	4	-
	Shenzhen Jinglun Paper Co., Ltd.	Note 1 b	Sales	1,848,273	10	5 months after transaction months	-	-	871,104	24	-
	Union Paper Corp.	Note 1 b	Sales	976,051	5	1 months after transaction months	-	-	86,111	2	-
	YFY Packaging Inc.	Note 1 b	Sales	238,601	1	3 months after transaction months	-	-	65,812	2	-
	Beautone Co., Ltd.	Note 1 c	Sales	142,982	1	1 months after transaction months	-	-	26,674	1	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a	Sales	1,255,055	27	In agreed terms	-	-	111,544	22	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b	Sales	376,129	39	In agreed terms	-	-	82,367	22	-
YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b	Sales	101,822	15	In agreed terms	-	-	16,018	9	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	369,720	99	In agreed terms	-	-	143,443	98	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Note 1 b	Sales	420,921	73	In agreed terms	-	-	298,380	100	-
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	628,333	100	In agreed terms	-	-	88,621	100	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	1,774,107	89	In agreed terms	-	-	236,092	90	-
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b	Sales	215,907	11	In agreed terms	-	-	26,999	10	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a	Sales	1,022,295	17	In agreed terms	-	-	188,285	19	-

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	\$ 672,081	29	2 months after transaction months	\$ -	-	\$ 28,802	7	-
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b	Sales	107,876	5	In agreed terms	-	-	9,957	2	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b	Sales	577,398	5	In agreed terms	-	-	216,759	5	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b	Sales	511,403	4	In agreed terms	-	-	118,088	3	-
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b	Sales	157,958	1	In agreed terms	-	-	50,589	1	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 b	Sales	474,033	4	In agreed terms	-	-	187,110	4	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 b	Sales	335,391	3	In agreed terms	-	-	151,899	4	-
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 b	Sales	159,103	1	In agreed terms	-	-	53,561	1	-
	YFY Jupiter (Shenzhen) Ltd.	Note 1 b	Sales	149,116	1	In agreed terms	-	-	18,177	-	-
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Note 1 a	Sales	141,008	7	In agreed terms	-	-	90,862	22	-
Union Paper Corp.	Chung Hwa Pulp Corporation	Note 1 b	Sales	189,264	10	1 month after transaction months	-	-	12,924	5	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	258,230	3	4 months after transaction months	-	-	120,809	50	-
YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	260,656	88	In agreed terms	-	-	-	-	-
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Note 1 a	Sales	216,273	13	In agreed terms	-	-	69,756	19	-
YFY Packaging (Ha Nam) Co., Ltd.	YFY Packaging Thai Binh Co., Ltd.	Note 1 b	Sales	173,739	11	In agreed terms	-	-	35,958	11	-
YFY Packaging Thai Binh Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd.	Note 1 b	Sales	105,092	33	In agreed terms	-	-	13,116	24	-
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Note 1 b	Sales	145,224	10	In agreed terms	-	-	76,016	22	-
Kunshan YFY Jupiter Green Packaging Ltd.	YJY Packaging Ltd.	Note 1 c	Purchases	165,839	16	In agreed terms	-	-	32,278	10	Note 2

Note 1: The relationships are as follows:

- a. Subsidiary.
- b. Parent company or the same ultimate parent company.
- c. Associate or substantive related party.

Note 2: Unless stated otherwise, the transaction has been eliminated in preparing the consolidated financial statements.

(Concluded)

TABLE 9**YFY INC. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2021****(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.	Chung Hwa Pulp Corporation	Same ultimate parent company	\$ 253,693	4.77	\$ -	-	\$ 229,406	\$ -	-
	Pek Crown Paper Co., Ltd.	Subsidiary	188,905	5.04	-	-	188,356	-	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Same ultimate parent company	165,138	5.83	-	-	127,829	-	-
Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Same ultimate parent company	871,104	2.47	-	-	193,684	-	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Same ultimate parent company	134,892	5.24	-	-	72,867	-	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Same ultimate parent company	216,759	4.12	-	-	216,759	-	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Same ultimate parent company	187,110	3.37	-	-	187,110	-	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Same ultimate parent company	118,088	6.15	-	-	118,088	-	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Same ultimate parent company	151,899	3.35	-	-	151,899	-	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	1,379,519	6.06	-	-	1,158,765	-	-
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Subsidiary	119,217	5.11	-	-	119,217	-	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Same ultimate parent company	120,809	2.59	-	-	50,258	-	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	236,092	10.10	-	-	220,246	-	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	188,285	5.75	-	-	164,078	-	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	111,544	12.37	-	-	111,544	-	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	143,443	2.44	-	-	68,769	-	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	298,380	1.88	-	-	46,888	-	-

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

TABLE 10

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 8,990,329	\$ 488,231	\$ 267,660	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	72,960	50,968,248	48.0	3,533,897	3,476,386	1,684,150	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	3,131,418	1,062,266	672,979	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	4,123,242	5,150,045	605,704	Note 4
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	6,451,806	7,222,888	410,150,000	100.0	6,661,743	1,640,309	1,629,885	Notes 1, 3 and 4
	YFY International Limited	Cyprus	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	15,081,675	(417,486)	(417,486)	Notes 1, 3 and 4
	YFY Global Investment Limited	Cyprus	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	6,128,215	354,329	354,329	Notes 1, 3 and 4
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	-	169,700	-	-	-	325,205	76,290	Notes 4 and 8
	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	485,546	8,220	4,082	Notes 1, 3 and 4
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	230,807	26,192	14,847	Notes 1, 3 and 4
	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Taipei, Taiwan	Real estate investment and development	2,311,115	1,540,033	168,500,000	100.0	4,223,452	223,028	223,028	Notes 1, 3 and 4
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	35,360	(683)	(683)	Notes 1, 3 and 4
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	238,494	46,034	8,697	Notes 1, 3 and 4
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	155,550,000	100.0	3,119,423	165,743	165,743	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	102,606	58,602	58,602	Notes 1, 3 and 4
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	110,373	(2,134)	(2,134)	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	72,861	6,391	3,255	Notes 1, 3 and 4
	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	73,499	10,191	10,191	Notes 1, 3 and 4
	Taiwan Genome Sciences, 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	9,633	(2,053)	(397)	Note 4
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	29,445	(1,808)	(1,808)	Notes 1, 3 and 4
YFY International Limited	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\$ 1,533 thousand	US\$ (933) thousand	US\$ (933) thousand	Notes 1, 3 and 4
	YFY Biopulp Technology Limited	British Virgin Islands	Investment and holding	US\$ 90 thousand	US\$ 90 thousand	90,000	60.0	US\$ 5 thousand	US\$ -	US\$ -	Notes 1, 3 and 4
	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 196,334 thousand	US\$ 206,334 thousand	312,501,731	100.0	US\$ 215,658 thousand	US\$ (10,411) thousand	US\$ (10,411) 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	US\$ (21) thousand	US\$ (21) thousand	Notes 1, 3 and 4
	Willpower Industries Ltd.	British Virgin Islands	Sale of various paper products	US\$ 78,838 thousand	US\$ 16,338 thousand	15,500,000	100.0	US\$ 53,822 thousand	US\$ 5,175 thousand	US\$ 3,461 thousand	Notes 1, 3 and 4
	YFY Packaging Capital Corp.	British Virgin Islands	Investment and holding	-	-	-	-	-	-	-	Notes 1, 3, 4 and 6
	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\$ 9,051 thousand	US\$ 347 thousand	US\$ 243 thousand	Notes 1, 3 and 4
	YFYPack Advance Ltd.	British Virgin Islands	Investment and holding	-	-	-	100.0	-	-	-	Notes 1, 3, 4 and 7
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\$ 11,233 thousand	US\$ 273 thousand	US\$ 273 thousand	Notes 1, 3 and 4
	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\$ 1,800 thousand	US\$ 72 thousand	US\$ 72 thousand	Notes 1, 3 and 4
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\$ 10,404 thousand	US\$ 319 thousand	US\$ 319 thousand	Notes 1, 3 and 4
	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\$ 40,384 thousand	US\$ 5,064 thousand	US\$ 5,064 thousand	Notes 1, 3 and 4
	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\$ 3,766 thousand	US\$ (878) thousand	US\$ (201) thousand	Note 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
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	US\$ 3,383 thousand	US\$ 461 thousand	US\$ 461 thousand	Notes 1, 3 and 4
	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	US\$ 25,544 thousand	US\$ 2,610 thousand	US\$ 2,610 thousand	Notes 1, 3 and 4
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Hong Kong, China	Investment and holding	HK\$ 10 thousand	HK\$ 10 thousand	10,000	100.0	US\$ 11,001 thousand	US\$ 11,840 thousand	US\$ 11,840 thousand	Notes 1, 3 and 4
	YFY Jupiter Limited	Hong Kong, China	Design of packaging and sale of paper	-	-	3	100.0	US\$ 5,057 thousand	US\$ 693 thousand	US\$ 693 thousand	Notes 1, 3 and 4
	Jupiter Prestige Group Holdings Limited	United Kingdom	Investment and holding	GBP 219 thousand	GBP 100 thousand	88,078	58.3	US\$ 8,710 thousand	US\$ 5,203 thousand	US\$ 3,032 thousand	Notes 1, 3 and 4
	YFY Jupiter US, Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	US\$ 742 thousand	US\$ 2,313 thousand	US\$ 2,313 thousand	Notes 1, 2, 3 and 4
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	MYR 990 thousand	MYR 990 thousand	990,000	99.0	US\$ 1,456 thousand	US\$ 814 thousand	US\$ 806 thousand	Notes 1, 3 and 4
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 25,000 thousand	IDR 25,000 thousand	25	1.0	US\$ 13 thousand	US\$ 363 thousand	US\$ 4 thousand	Notes 3 and 4
YFY Jupiter US, Inc.	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	-	-	-	1.0	-	US\$ (156) thousand	US\$ (2) thousand	Notes 2, 3 and 4
	Spectiv Brands, LLC	USA	General trade	-	-	-	100.0	US\$ 6 thousand	US\$ 2,104 thousand	US\$ 2,104 thousand	Notes 1, 2, 3 and 4
Mobius105 Ltd.	YJY Packaging Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 143 thousand	US\$ 8 thousand	US\$ 3 thousand	-
	JLD Logistics Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 183 thousand	US\$ 152 thousand	US\$ 53 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\$ 15 thousand	US\$ 814 thousand	US\$ 8 thousand	Notes 3 and 4
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	MXN 3 thousand	MXN 3 thousand	-	99.0	-	US\$ (156) thousand	US\$ (154) thousand	Notes 1, 2, 3 and 4
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 2,475,000 thousand	IDR 2,475,000 thousand	2,475	99.0	US\$ 1,303 thousand	US\$ 363 thousand	US\$ 360 thousand	Notes 1, 3 and 4
	Jupiter Vietnam Company Limited	Vietnam	Design of packaging	VND 1,129,700 thousand	VND 1,129,700 thousand	-	100.0	US\$ 111 thousand	US\$ (113) thousand	US\$ (113) thousand	Notes 1, 3 and 4
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\$ 10,953 thousand	US\$ 3,343 thousand	US\$ 3,343 thousand	Notes 1, 3 and 4
	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\$ 126 thousand	US\$ 1,214 thousand	US\$ 1,214 thousand	Notes 1, 3 and 4
	Jupiter Prestige Group Australia Pty Ltd.	Australia	Graphic design	-	-	100	100.0	US\$ 366 thousand	US\$ 228 thousand	US\$ 228 thousand	Notes 1, 3 and 4
	Opal BPM Limited	United Kingdom	Design of process system and assistance in graphic design	GBP 1 thousand	GBP 1 thousand	825	82.5	US\$ 1,380 thousand	US\$ 711 thousand	US\$ 586 thousand	Notes 1, 3 and 4
	Foster and Balyis (Prestige) Limited	United Kingdom	Graphic design	-	-	300	33.3	US\$ 397 thousand	US\$ 428 thousand	US\$ 143 thousand	-
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design	-	-	100	100.0	US\$ 7,483 thousand	US\$ 2,572 thousand	US\$ 2,572 thousand	Notes 1, 3 and 4
Jupiter Prestige Group North America, Inc.	Contrast LLC	USA	Brand Design	US\$ 66 thousand	US\$ 57 thousand	-	80.0	US\$ 288 thousand	US\$ 313 thousand	US\$ 251 thousand	Notes 1, 3 and 4
Opal BPM Limited	Opal BPM India Private Limited	India	Workflow system coding	INR 100 thousand	INR 100 thousand	10,000	100.0	US\$ 228 thousand	US\$ 81 thousand	US\$ 81 thousand	Notes 1, 3 and 4
	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, 3 and 4
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	British Virgin Islands	Investment and holding	2,213,770	2,213,770	58,134,277	100.0	399	-	-	Notes 1, 3 and 4
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	219,623	219,623	20,027,557	66.8	365,402	109,420	74,185	Notes 1, 3 and 4
	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding	2,388,912	1,415,037	70,615,601	100.0	1,880,673	128,660	128,660	Notes 1, 3 and 4
YFY Global Investment Limited	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	US\$ 25,600 thousand	US\$ 25,600 thousand	25,600,000	86.5	US\$ 110,416 thousand	US\$ 7,616 thousand	US\$ 7,616 thousand	Notes 1, 3 and 4
	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 16,862 thousand	US\$ 16,862 thousand	10,372,342	85.3	US\$ 31,086 thousand	US\$ 6,759 thousand	US\$ 5,578 thousand	Notes 1, 3 and 4
	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\$ 384 thousand	US\$ (3) thousand	US\$ (3) thousand	Notes 1, 3 and 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
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\$ 170 thousand	US\$ (2) thousand	US\$ (2) thousand	Notes 1, 3 and 4
YFY RFID Co. Limited	Arizon RFID Technology (Cayman) Co., Ltd.	Cayman Islands	Investment and holding	-	-	1	100.0	-	-	-	Notes 1, 3, 4 and 9
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Product distribution and R&D services	US\$ 12,000 thousand	US\$ 12,000 thousand	12,000,000	100.0	RMB 46,982 thousand	RMB (26,815) thousand	RMB (26,815) thousand	Notes 1, 3 and 4
	Arizon JAPAN Co., Ltd.	Japan	Product distribution and technical consulting services	JPY 50,000 thousand	JPY 50,000 thousand	1,000	100.0	RMB 1,630 thousand	RMB 22 thousand	RMB 22 thousand	Notes 1, 3 and 4
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	3,178,718	228,160	228,160	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	264,919	56,356	52,406	Notes 1, 3 and 4
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of consumer products in e-commerce	55,041	55,041	5,000,000	100.0	93,093	44,738	47,387	Notes 1, 3 and 4
	YFY Consumer Products, Co.	USA	IP management and sale of consumer products by e-commerce	-	-	-	100.0	-	-	-	Notes 1, 3, 4 and 5
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong, China	General trade	-	-	-	100.0	-	-	-	Notes 1, 3 and 4
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	10,132	823	823	Notes 1, 3 and 4
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Chung Hwa Pulp Corporation Yuen Foong Yu Consumer Products Co., Ltd.	Hualien, Taiwan	Pulp and paper production, trading and forestry business	15,206	15,206	1,181,633	0.1	16,815	488,231	507	Notes 3 and 4
		Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	63,446	63,446	5,136,400	1.9	101,795	1,062,266	21,877	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	775,193	5,150,045	105,854	Note 4
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	-	71,070	-	-	-	325,205	12,798	Notes 4 and 8
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	5,766	5,766	700,000	1.0	4,871	26,192	262	Notes 3 and 4
	Taiwan Genome Sciences, 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	1,304	(2,053)	(54)	Note 4
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp. YFY Biotech Co., Ltd.	British Virgin Islands	Investment and holding	243,625	243,625	8,060	100.0	87,921	16,084	16,084	Notes 1, 3 and 4
		Taipei, Taiwan	Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.0	9,448	31,416	8,446	Note 4
YFY Paradigm Investment Co., Ltd.	Chung Hwa Pulp Corporation Yuen Foong Yu Consumer Products Co., Ltd.	Hualien, Taiwan	Pulp and paper production, trading and forestry business	79,242	79,242	7,752,732	0.7	110,343	488,231	3,326	Notes 3 and 4
		Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	281,907	193,986	17,386,815	6.5	344,582	1,062,266	68,340	Notes 3 and 4
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	374,929	374,929	7,872,000	0.7	433,072	5,150,045	35,724	Note 4
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	46,447	46,447	4,283,232	4.1	52,167	46,034	1,905	Notes 3 and 4
	YFY Biotech Management Co., Ltd.	Taipei, Taiwan	Consulting	10,000	10,000	26,430,000	100.0	238,436	(21,472)	(21,472)	Notes 1, 3 and 4
	Livebricks Inc.	Taipei, Taiwan	Information processing services	77,000	77,000	7,700,002	100.0	1,863	(622)	(622)	Notes 1, 3 and 4
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine.	425	425	19,874	0.7	341	(2,053)	(14)	Note 4
			2. Manufacture and wholesale of chemical material.								
			3. Medicine testing.								
	Yuen Yan Paper Container Co., Ltd. Pek Crown Paper Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	108	108	9,000	0.1	106	6,391	5	Notes 3 and 4
		Taichung, Taiwan	Manufacture and sale of containers	152	152	10,000	0.03	186	109,420	36	Notes 3 and 4
Chung Hwa Pulp Corporation	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	329,000	329,000	20,000,000	1.8	522,654	5,150,045	90,762	Note 4
	CHP International (BVI) Corporation Effion Enertech Co., Ltd. Taiwan Global BioFund Co., Ltd. Hwa Fong Investment Co., Ltd.	British Virgin Islands	Investment and holding	1,747,085	1,747,085	61,039,956	100.0	4,877,213	(27,723)	(33,704)	Notes 1, 3 and 4
		Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	238,688	26,192	12,834	Notes 3 and 4
		Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	-	32,832	-	-	-	325,205	5,049	Notes 4 and 8
		Taipei, Taiwan	Investment and holding	36,000	36,000	3,600,000	100.0	92,366	33,817	33,817	Notes 1, 3 and 4
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong, China	Sale and print of paper merchandise	US\$ 466 thousand	US\$ 466 thousand	34,000,000	100.0	US\$ 321 thousand	US\$ (101) thousand	US\$ (101) thousand	Notes 1, 3 and 4
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	7,000	7,000	700,000	1.0	4,871	26,192	262	Notes 3 and 4
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	30,327	103	4,292,751	4.1	52,283	46,034	(277)	Notes 3 and 4
	Genovella Renewables Inc.	Hualien, Taiwan	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	18,388	10,341	10,354	Notes 1 and 3

(Continued)

- 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 audited by the auditors for the same periods.
- Note 5: YFY Consumer Products, Co. was established in February 2021 and has been included in the consolidated financial statements since then.
- Note 6: 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.
- Note 7: YFYPack Advance Ltd. was established in May 2021 and has been included in the consolidated financial statements since then.
- Note 8: Taiwan Global BioFund Co., Ltd. was liquidated in September 2021.
- Note 9: Arizon RFID Technology (Cayman) Co., Ltd. was established in October 2021 and has been included in the consolidated financial statements since then.

(Concluded)

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 138,400 (US\$ 5,000 thousand)	a.(a)	\$ 41,520 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 41,520 (US\$ 1,500 thousand)	\$ (49,057)	100.0	\$ (49,057) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	304,480 (US\$ 11,000 thousand)	a.(b)	193,760 (US\$ 7,000 thousand)	-	-	193,760 (US\$ 7,000 thousand)	25,938	100.0	25,938 (Note 2)	606,783	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	193,760 (US\$ 7,000 thousand)	a.(b)	193,760 (US\$ 7,000 thousand)	-	-	193,760 (US\$ 7,000 thousand)	(2,705)	100.0	(2,705) (Note 2)	263,635	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	39,118	100.0	39,118 (Note 2)	870,706	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	166,080 (US\$ 6,000 thousand)	a.(b)	55,360 (US\$ 2,000 thousand)	-	-	55,360 (US\$ 2,000 thousand)	23,984	100.0	23,984 (Note 2)	526,405	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	224,568 (US\$ 8,113 thousand)	-	-	224,568 (US\$ 8,113 thousand)	42,911	100.0	42,911 (Note 2)	460,701	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	46,840	100.0	46,840 (Note 2)	1,062,063	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	275,665 (US\$ 9,959 thousand)	a.(o)	249,120 (US\$ 9,000 thousand)	-	-	249,120 (US\$ 9,000 thousand)	66,746	100.0	66,746 (Note 2)	530,541	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	262,960 (US\$ 9,500 thousand)	a.(b)	207,600 (US\$ 7,500 thousand)	-	-	207,600 (US\$ 7,500 thousand)	18,299	93.8	17,155 (Note 2)	500,592	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	179,920 (US\$ 6,500 thousand)	a.(b)	179,920 (US\$ 6,500 thousand)	-	-	179,920 (US\$ 6,500 thousand)	468,755	100.0	468,755 (Note 2)	342,887	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	166,080 (US\$ 6,000 thousand)	a.(b)	132,864 (US\$ 4,800 thousand)	-	-	132,864 (US\$ 4,800 thousand)	53,196	100.0	53,196 (Note 2)	1,081,402	-

(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 138,400 (US\$ 5,000 thousand)	a.(b)	\$ 138,400 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 138,400 (US\$ 5,000 thousand)	\$ (8,427)	100.0	\$ (8,427) (Note 2)	\$ 114,387	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,081,033 (US\$ 328,072 thousand)	a.(a)	2,408,160 (US\$ 87,000 thousand)	-	-	2,408,160 (US\$ 87,000 thousand)	(330,099)	100.0	(330,099) (Note 2)	6,150,093	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	6,773,158 (US\$ 244,695 thousand)	a.(b)	6,781,600 (US\$ 245,000 thousand)	-	-	6,781,600 (US\$ 245,000 thousand)	(1,016,607)	100.0	(1,016,607) (Note 2)	138,512	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	412,432 (US\$ 14,900 thousand)	a.(c)	387,686 (US\$ 14,006 thousand)	-	-	387,686 (US\$ 14,006 thousand)	5,542	94.0	5,209 (Note 2)	331,993	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	221,440 (US\$ 8,000 thousand)	a.(c)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	2,141	100.0	2,141 (Note 2)	100,930	-
Kunshan YFY Advertising and Printing Co., Ltd. (Note 8)	Design and print of advertisements	-	a.(e)	-	-	-	-	-	-	-	-	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	843,507 (RMB 194,290 thousand)	a.(f)	702,851 (US\$ 25,392 thousand)	-	-	702,851 (US\$ 25,392 thousand)	260,395	86.5	225,276 (Note 2)	3,060,591	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	34,732 (RMB 8,000 thousand)	a.(g)	-	-	-	-	(1,630)	86.5	(1,410) (Note 2)	50,516	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	9,688 (US\$ 350 thousand)	a.(h)	-	-	-	-	186,513	85.3	153,932 (Note 2)	203,014	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,683 (RMB 2,000 thousand)	a.(i)	-	-	-	-	20,816	85.3	17,267 (Note 2)	51,858	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	21,707 (RMB 5,000 thousand)	a.(i)	-	-	-	-	40,829	85.3	33,741 (Note 2)	62,648	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,512 (RMB 1,500 thousand)	a.(i)	-	-	-	-	184	29.8	29 (Note 6)	3,117	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(i)	-	-	-	-	343	29.8	96 (Note 6)	91	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,683 (RMB 2,000 thousand)	a.(i)	-	-	-	-	(1,586)	29.8	(451) (Note 6)	2,283	-

(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,183,200 (US\$ 115,000 thousand)	a.(j)	\$ 3,183,200 (US\$ 115,000 thousand)	\$ -	\$ -	\$ 3,183,200 (US\$ 115,000 thousand)	\$ 210,713	67.6	\$ 152,512 (Note 2)	\$ 1,515,690	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	830,400 (US\$ 30,000 thousand)	a.(k)	830,400 (US\$ 30,000 thousand)	-	-	830,400 (US\$ 30,000 thousand)	14,039	67.6	9,916 (Note 2)	187,123	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	830,400 (US\$ 30,000 thousand)	a.(k)	830,400 (US\$ 30,000 thousand)	-	-	830,400 (US\$ 30,000 thousand)	13,158	67.6	7,596 (Note 2)	780,488	-
Shanghai YFY International Trade Co., Ltd. (Note 9)	General trade	4,341 (RMB 1,000 thousand)	b.(a)	4,341 (RMB 1,000 thousand)	-	4,341 (RMB 1,000 thousand)	-	666	-	486 (Note 2)	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,370,238 (US\$ 85,630 thousand)	a.(l)	608,960 (US\$ 22,000 thousand)	-	-	608,960 (US\$ 22,000 thousand)	(77,424)	75.2	(58,185) (Note 2)	3,322,091	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	605,638 (US\$ 21,880 thousand)	a.(m)	204,278 (US\$ 7,380 thousand)	-	-	204,278 (US\$ 7,380 thousand)	45,297	75.2	34,042 (Note 2)	2,205,446	-
Guizhou Yuanfeng Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	-	a.(p)	-	-	-	-	-	50.4	- (Note 2)	-	-
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	8,683 (RMB 2,000 thousand)	a.(d)	-	-	-	-	1,622	75.2	1,219 (Note 2)	8,287	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	13,893 (RMB 3,200 thousand)	a.(d)	-	-	-	-	(11,102)	75.2	(8,343) (Note 2)	98,809	-
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	217,074 (RMB 50,000 thousand)	a.(n)	217,074 (RMB 50,000 thousand)	-	-	217,074 (RMB 50,000 thousand)	16,109	79.3	12,774 (Note 2)	69,546	-
Kunshan Actview Carbon Technology Co., Ltd. (Note 10)	Manufacture and sale of active carbon	34,877 (US\$ 1,260 thousand)	b.(b)	23,140 (US\$ 836 thousand)	-	-	23,140 (US\$ 836 thousand)	(320)	-	(212) (Note 2)	-	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (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
\$15,197,324	\$16,954,753	\$43,592,899

Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$28.009 or RMB1=NT4.341673, the rest were translated at exchange rates of US\$1=NT\$27.68 or RMB1=NT\$4.341484 as of December 31, 2021.

Note 2: Recognized from financial statements audited 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 International Limited (d) Guangdong Dingfung Pulp & Paper Co., Ltd. (e) YFY Paper Enterprise (Xiamen) Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. (f) YFY RFID Co., Ltd. (g) Arizon RFID Technology Co., Ltd. (h) Mobius105 Ltd. (i) YFY Jupiter (Shenzhen) Ltd. (j) Yuen Foong Yu Consumer Products Investment Limited (k) YFY investment Co., Ltd. (l) YFY International Limited and CHP International (BVI) Corporation (m) YFY International Limited, CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (n) YFY Capital Holdings Corp. (o) YFY Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (p) Zhaoqing Dingfung Forestry Co., Ltd.

b. Direct investment in mainland China and the investors are as follows:

(a) Yuen Foong Shop Co., Ltd. (b) San Ying Enterprise Co., Ltd.

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,261,617 thousand made by investor of mainland China has been deducted.

Note 6: Recognized from financial statements in the same period that have not been audited.

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.

Note 8: 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.

Note 9: On July 14, 2021, the board of directors of subsidiary, Yuen Foong Shop Co., Ltd., resolved to dispose all its ownership of Shanghai YFY International Trade Co., Ltd. The contract was signed in August 2021. The Group completed the disposal in August 2021 and lost control of it.

Note 10: On September 3, 2021, the board of directors of subsidiary, San Ying Enterprise Co., Ltd., resolved to dispose all its ownership of Kunshan Actview Carbon Technology Co., Ltd. The contract was signed in October 2021. The Group completed the disposal in December 2021 and lost control of it.

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, 8, 9 and 12.

(Concluded)

TABLE 12

YFY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	\$ 923,123	By market price	1.1
		Chung Hwa Pulp Corporation	The same ultimate parent company	Accounts receivable	188,905	3 months after transaction months	0.1
				Sales	1,119,501	By market price	1.3
		Yuen Foong Yu Consumer Products Co., Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Accounts receivable	253,693	2 months after transaction months	0.2
				Sales	108,991	By market price	0.1
			The same ultimate parent company	Sales	939,384	By market price	1.1
				Accounts receivable	165,138	In agreed terms	0.1
2	Chung Hwa Pulp Corporation	YFY Packaging Inc.	The same ultimate parent company	Sales	238,601	By market price	0.3
		YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	The same ultimate parent company	Sales	919,576	By market price	1.1
		Shenzhen Jinglun Paper Co., Ltd.	The same ultimate parent company	Sales	1,848,273	By market price	2.2
				Accounts receivable	871,104	5 months after transaction months	0.6
		Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Sales	683,065	By market price	0.8
				Accounts receivable	134,892	2 months after transaction months	0.1
		Union Paper Corp.	The same ultimate parent company	Sales	976,051	By market price	1.1
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	258,230	By market price	0.3
				Accounts receivable	120,809	4 months after transaction months	0.1
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	628,333	By market price	0.7
5	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	1,255,055	By market price	1.5
				Accounts receivable	111,544	In agreed terms	0.1
6	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	1,774,107	By market price	2.1
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Accounts receivable	236,092	In agreed terms	0.2
				Sales	215,907	By market price	0.3
7	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	376,129	By market price	0.4
8	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	101,822	By market price	0.1

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
9	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	Sales	\$ 6,991,285	By market price	8.2
				Accounts receivable	1,379,519	In agreed terms	1.0
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Subsidiary	Sales	900,017	By market price	1.1
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Subsidiary	Sales	713,083	By market price	0.8
				Accounts receivable	119,217	In agreed terms	0.1
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Subsidiary	Sales	487,879	By market price	0.6
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Subsidiary	Sales	494,046	By market price	0.6
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Subsidiary	Sales	436,191	By market price	0.5
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Subsidiary	Sales	537,549	By market price	0.6
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Subsidiary	Sales	243,243	By market price	0.3
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Subsidiary	Sales	269,147	By market price	0.3
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary	Sales	227,920	By market price	0.3
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Subsidiary	Sales	192,722	By market price	0.2
10	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales	1,022,295	By market price	1.2
				Accounts receivable	188,285	In agree terms	0.1
11	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales	672,081	By market price	0.8
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	107,876	By market price	0.1
12	Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Sales	420,921	By market price	0.5
				Accounts receivable	298,380	In agreed terms	0.2
13	YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	260,656	By market price	0.3
14	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	The same ultimate parent company	Sales	577,398	By market price	0.7
				Accounts receivable	216,759	In agreed terms	0.2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	The same ultimate parent company	Sales	474,033	By market price	0.6
				Accounts receivable	187,110	In agreed terms	0.1
		YFY Paper Enterprise (Suzhou) Co., Ltd.	The same ultimate parent company	Sales	511,403	By market price	0.6
				Accounts receivable	118,088	In agreed terms	0.1
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company	Sales	157,958	By market price	0.2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	The same ultimate parent company	Sales	335,391	By market price	0.4
				Accounts receivable	151,899	In agreed terms	0.1
		YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company	Sales	159,103	By market price	0.2
		YFY Jupiter (Shenzhen) Ltd.	The same ultimate parent company	Sales	149,116	By market price	0.2
15	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Sales	369,720	By market price	0.4
				Accounts receivable	143,443	In agreed terms	0.1
16	Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Subsidiary	Sales	141,008	By market price	0.2
17	Union Paper Corp.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	189,264	By market price	0.2

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
18	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Subsidiary	Sales	\$ 216,273	By market price	0.3
19	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Parent company	Sales	145,224	By market price	0.2
20	YFY Packaging (Ha Nam) Co., Ltd.	YFY Packaging Thai Binh Co., Ltd.	The same ultimate parent company	Sales	173,739	By market price	0.2
21	YFY Packaging Thai Binh Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd.	The same ultimate parent company	Sales	105,092	By market price	0.1

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

(Concluded)

TABLE 13**YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shou-Chung Ho	170,615,028	10.27
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 year.

YFY Inc.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

YFY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 15, 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 Company's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: 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 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets and investments accounted for using the equity method.

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.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

For the purpose of presenting financial statements, the functional currencies of the Company and the Company entities (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Investments in subsidiaries

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

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

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

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

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

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized net of amortization or depreciation. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

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

f. Investment in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

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

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

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

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

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

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (i.e., FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL are debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporate any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 21.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

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

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

For internal credit risk management purposes, the Company determines that the following situation indicate that a financial asset is in default (without taking into account any collateral held by the Company) when internal or external information show that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

i. Subsequent measurement

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

ii. Derecognition of financial liabilities

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

Right-of-use assets are initially measured at present value of the lease payments and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

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

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

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

- o. Share-based payment arrangements – employee share options granted to Company’s employees by subsidiaries

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in investments accounted for using equity method. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to investments accounted for using equity method.

- p. Taxation

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

- 1) Current tax

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

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

- 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan 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 revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The fair value measurement of equity investment in unlisted shares is determined by the estimated fair value under appropriate valuation methods primarily based on investees' financial positions, operation results and recent financing activities, the market transaction prices of similar investments, market conditions and the required discount factors. As such, the estimated fair value may be different from the actual disposal price in the future.

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 294	\$ 281
Checking accounts and demand deposits	<u>12,894</u>	<u>4,100</u>
	<u>\$ 13,188</u>	<u>\$ 4,381</u>

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

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 6,302</u>	<u>\$ 16,283</u>

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

	December 31	
	2021	2020
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares	\$ 10,090,731	\$ 8,146,163
Unlisted shares	<u>4,050,750</u>	<u>3,994,241</u>
	<u>\$ 14,141,481</u>	<u>\$ 12,140,404</u>

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

The Company acquired Zhen Ding Technology Holding Limited (“ZDTHL”) through stock exchange. The Company’s board of directors approved the stock exchange of all of its ownership of Boardtek Electronics Corporation (“BEC”) for ownership of “ZDTHL” in May 2020. The stock exchange was conducted at an exchange ratio of 1 ordinary share of “BEC” for 0.2 newly issued ordinary share of “ZDTHL”. The above stock exchange has been completed on November 4, 2020.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 52,249,143	\$ 48,151,353
Investments in associates	<u>4,132,875</u>	<u>4,038,319</u>
	<u>\$ 56,382,018</u>	<u>\$ 52,189,672</u>

a. Investment in subsidiaries

	December 31	
	2021	2020
Listed company		
Chung Hwa Pulp Corporation	\$ 8,990,329	\$ 8,596,617
Shin Foong Specialty and Applied Materials Co., Ltd.	3,533,897	2,367,344
Yuen Foong Yu Consumer Products Co., Ltd. (Note)	3,131,418	2,602,532
Unlisted company		
YFY International Limited	15,081,675	15,737,977
YFY Packaging Inc.	6,661,743	7,124,383
YFY Global Investment Limited	6,128,215	5,973,380
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	4,223,452	2,133,843
YFY Paradigm Investment Co., Ltd.	3,119,423	2,332,943
China Color Printing Co., Ltd.	485,546	449,718
Union Paper Corp.	238,494	232,759
Effion Enertech Co., Ltd.	230,807	215,659

(Continued)

	December 31	
	2021	2020
YFY Japan Co., Ltd.	\$ 110,373	\$ 116,122
San Ying Enterprise Co., Ltd.	102,606	62,966
Fidelis IT Solutions Co., Ltd.	73,499	56,959
Yuen Yan Paper Container Co., Ltd.	72,861	74,701
YFY Corporate Advisory & Service Co., Ltd.	35,360	42,197
Sustainable Carbohydrate Innovation Co., Ltd.	<u>29,445</u>	<u>31,253</u>
	<u>\$ 52,249,143</u>	<u>\$ 48,151,353</u> (Concluded)

Note: Yuen Foong Yu Consumer Products Co., Ltd. has been listed on the TWSE since September 2021.

The percentage of ownership and voting rights held by the Company were as follows:

	December 31	
Name of Corporation	2021	2020
Chung Hwa Pulp Corporation	57.8%	57.8%
Shin Foong Specialty and Applied Materials Co., Ltd.	48.0%	48.9%
Yuen Foong Yu Consumer Products Co., Ltd.	59.1%	64.5%
YFY International Limited	100.0%	100.0%
YFY Packaging Inc.	100.0%	100.0%
YFY Global Investment Limited	100.0%	100.0%
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	100.0%	100.0%
YFY Paradigm Investment Co., Ltd.	100.0%	100.0%
China Color Printing Co., Ltd.	49.7%	49.7%
Union Paper Corp.	18.9%	18.9%
Effion Enertech Co., Ltd.	49.0%	49.0%
YFY Japan Co., Ltd.	100.0%	100.0%
San Ying Enterprise Co., Ltd.	100.0%	100.0%
Fidelis IT Solutions Co., Ltd.	100.0%	100.0%
Yuen Yan Paper Container Co., Ltd.	50.9%	50.9%
YFY Corporate Advisory & Service Co., Ltd.	100.0%	100.0%
Sustainable Carbohydrate Innovation Co., Ltd.	100.0%	100.0%

The Company 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 Company did not cease to have control over these subsidiaries; China Color Printing Co., Ltd., Effion Enertech Co., Ltd. and Union Paper Corp. were deemed subsidiaries because the Company had substantial control over them even though the Company held less than 50% equity interests in each of the subsidiaries' voting shares.

The Company sold 2.1% and 6.5% of its shares in Yuen Foong Yu Consumer Products Co., Ltd. to YFY Development Corp. (originally named as YFY Capital Co., Ltd.) and YFY Paradigm Investment Co., Ltd., respectively, in June 2020. Due to equity changes such as employee share options conversion of Yuen Foong Yu Consumer Products Co., Ltd. and the Company's partial disposal of shares in Yuen Foong Yu Consumer Products Co., Ltd. to designated persons and financial investors from July through October in 2020, the shareholding ratio of the Company in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 64.5%. Due to the equity changes, such as the Company'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 Company in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 59.1%. Yuen Foong Yu Consumer Products Co., Ltd. was deemed as subsidiary since the Company did not cease to have control over this subsidiary.

Refer to Note 30 in consolidated financial statements for the year ended December 31, 2021 for equity transactions with non-controlling interests.

Due to equity changes such as purchase of treasury shares from June through July in 2020, the shareholding ratio of the Company in Chung Hwa Pulp Corporation was increased to 57.8%.

In response to the overseas operation mode of its subsidiaries and the application of YFY Packaging Inc. on the stock exchange in Taiwan and to boost management performance, the Company's board of directors approved the overseas investment structure adjustment in July 2020. The Company has completed the overseas investment structure adjustment in November 2020. The Company acquired the 100% shares of YFY Packaging Inc. owned by YFY International Labuan Co., Ltd.

The Company's board of directors approved the merger of its subsidiary YFY Paradigm Investment Co., Ltd. and Lotus Ecoscings & Engineering Co., Ltd. and the merger of its subsidiary YFY Capital Co., Ltd. and YFY Venture Capital Investment Co., Ltd. in August 2020. The reference date of the above mergers was October 7, 2020 and the mergers have been completed. The board of the directors of YFY Capital Co., Ltd. approved the name change from YFY Capital Co., Ltd. to "YFY Development Corp." in October 2020.

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. (originally named as YFY Capital Co., Ltd.), and issue new shares by YFY Development Corp. (originally named as YFY Capital Co., Ltd.) as the consideration for the transfer of the division in January 2021. The above process was completed in January 2021.

Except for YFY Japan Co., Ltd., investments 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 audited financial statements. Management believes there will not be a material differences even if the financial statements were audited.

b. Investments in associates

	December 31	
	2021	2020
Material associates		
E Ink Holdings Inc.	\$ 4,123,242	\$ 3,595,979
Associates that are not individually material	<u>9,633</u>	<u>442,340</u>
	<u>\$ 4,132,875</u>	<u>\$ 4,038,319</u>
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2021	2020
E Ink Holdings Inc.	11.7%	11.8%

1) Material associates

Refer to Table 3 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

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

The investments 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 the associates’ audited financial statements.

In 2013, the Company increased its investment in E Ink Holdings Inc. by buying 20,000 thousand shares of the investee’s privately placed ordinary shares for \$329,000 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 March 15, 2022, the report date. The other rights and obligations are the same as those of ordinary shares.

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

	December 31	
	2021	2020
	<u>\$ 17,134,409</u>	<u>\$ 5,197,059</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 Company for equity accounting purposes:

	December 31	
	2021	2020
Current assets	\$ 19,263,374	\$ 21,914,321
Non-current assets	37,746,625	23,886,312
Current liabilities	(17,839,575)	(11,564,821)
Non-current liabilities	<u>(3,472,539)</u>	<u>(3,191,039)</u>
Equity	35,697,885	31,044,773
Non-controlling interests	<u>(530,719)</u>	<u>(536,163)</u>
	<u>\$ 35,167,166</u>	<u>\$ 30,508,610</u>
Proportion of the Company’s ownership	11.7%	11.8%
Equity attributable to the Company	\$ 4,115,977	\$ 3,588,714
Goodwill	<u>7,265</u>	<u>7,265</u>
Carrying amount	<u>\$ 4,123,242</u>	<u>\$ 3,595,979</u>

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ 19,650,564	\$ 15,362,855
Profit for the year	\$ 5,212,048	\$ 3,673,688
Other comprehensive income	<u>2,298,867</u>	<u>181,826</u>
Total comprehensive income for the year	<u>\$ 7,510,915</u>	<u>\$ 3,855,514</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Profit for the year	\$ 75,893	\$ 6,919
Other comprehensive income (loss)	<u>(40,462)</u>	<u>57,759</u>
Total comprehensive income for the year	<u>\$ 35,431</u>	<u>\$ 64,678</u>

The investments in Taiwan Genome Sciences, Inc. was accounted for using the equity method since the Company and its subsidiaries held more than 20% of the investee's voting shares even though the Company held less than 20% of the investee's voting shares.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the audited financial statements.

All the associates were accounted for using the equity method.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 593,549	\$ 157,897	\$ 141,677	\$ 78,472	\$ 971,595
Additions	-	-	-	921	921
Disposals	<u>-</u>	<u>(517)</u>	<u>(126,416)</u>	<u>(22,080)</u>	<u>(149,013)</u>
Balance at December 31, 2021	<u>\$ 593,549</u>	<u>\$ 157,380</u>	<u>\$ 15,261</u>	<u>\$ 57,313</u>	<u>\$ 823,503</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 137,888	\$ 141,588	\$ 76,174	\$ 355,650
Depreciation expense	-	2,466	59	983	3,508
Disposals	<u>-</u>	<u>(502)</u>	<u>(126,416)</u>	<u>(22,033)</u>	<u>(148,951)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 139,852</u>	<u>\$ 15,231</u>	<u>\$ 55,124</u>	<u>\$ 210,207</u>
Carrying amounts at December 31, 2021	<u>\$ 593,549</u>	<u>\$ 17,528</u>	<u>\$ 30</u>	<u>\$ 2,189</u>	<u>\$ 613,296</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 593,549	\$ 157,897	\$ 141,677	\$ 89,833	\$ 982,956
Additions	-	-	-	260	260
Disposals	-	-	-	(11,621)	(11,621)
Balance at December 31, 2020	<u>\$ 593,549</u>	<u>\$ 157,897</u>	<u>\$ 141,677</u>	<u>\$ 78,472</u>	<u>\$ 971,595</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 135,334	\$ 141,502	\$ 86,808	\$ 363,644
Depreciation expense	-	2,554	86	951	3,591
Disposals	-	-	-	(11,585)	(11,585)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 137,888</u>	<u>\$ 141,588</u>	<u>\$ 76,174</u>	<u>\$ 355,650</u>
Carrying amounts at December 31, 2020	<u>\$ 593,549</u>	<u>\$ 20,009</u>	<u>\$ 89</u>	<u>\$ 2,298</u>	<u>\$ 615,945</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	5-15 years
Miscellaneous equipment	3-50 years

The non-cash investing activities of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Acquisition of property, plant and equipment	\$ 921	\$ 260
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>(226)</u>	<u>-</u>
	<u>\$ 695</u>	<u>\$ 260</u>

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 610	\$ 712
Others	<u>2,759</u>	<u>1,814</u>
	<u>\$ 3,369</u>	<u>\$ 2,526</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ 6,310	\$ -
Depreciation charge for right-of-use assets		
Land	\$ 102	\$ 102
Others	<u>2,044</u>	<u>1,717</u>
	<u>\$ 2,146</u>	<u>\$ 1,819</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	\$ 1,307	\$ 1,264
Non-current	<u>\$ 2,068</u>	<u>\$ 1,279</u>

The discount rates for lease liabilities adopted by the Company's assets were both 1.68%.

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	\$ 5,860	\$ 6,770
Total cash outflow for leases	<u>\$ 8,058</u>	<u>\$ 8,622</u>

12. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2021	\$ 1,955,936
Disposals	<u>(7,401)</u>
Balance at December 31, 2021	<u>\$ 1,948,535</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 98,027
Depreciation expense	<u>852</u>
Balance at December 31, 2021	<u>\$ 98,879</u>
Carrying amounts at December 31, 2021	<u>\$ 1,849,656</u>

(Continued)

	Amount
<u>Cost</u>	
Balance at January 1, 2020 and December 31, 2020	<u>\$ 1,955,936</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 97,175
Depreciation expense	<u>852</u>
Balance at December 31, 2020	<u>\$ 98,027</u>
Carrying amounts at December 31, 2020	<u>\$ 1,857,909</u> (Concluded)

The fair values of the investment properties owned by the Company were both \$7,593,118 thousand as of December 31, 2021 and 2020. The valuation was partially made by the Company using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$37,889 thousand and \$39,151 thousand for the years ended December 31, 2021 and 2020, 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 in completing the construction. The joint construction was completed in October 2021 and a license for use was obtained. As of December 31, 2021, the house for the Company has not been transferred and was accounted for as other non-current assets, others. The transfer of ownership was completed in February 2022. In addition, the Company disposed of a portion of the land to Ho Tien Co., Ltd. in accordance with the contract terms agreed upon for the construction of the house, refer to Note 22.

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

All of the Company's investment property was held under freehold interests.

13. BORROWINGS

a. Current borrowings

	<u>December 31</u>	
	2021	2020
Bank credit loans	<u>\$ 1,580,000</u>	<u>\$ 805,000</u>

As of December 31, 2021 and 2020, the interest rate intervals of bank credit loans were 0.75%-0.80% per annum and 0.81%-0.84% per annum, respectively.

b. Short-term notes and bills payable

	December 31	
	2021	2020
Commercial paper	\$ 483,000	\$ 930,000
Less: Discount on short-term notes and bills payable	<u>(582)</u>	<u>(954)</u>
	<u>\$ 482,418</u>	<u>\$ 929,046</u>

Short-term notes and bills payable are commercial paper due within one year. Interest rate intervals on these notes and bills payable were 0.80%-0.81% per annum and 0.80%-0.85% per annum as of December 31, 2021 and 2020, respectively.

c. Non-current borrowings

	December 31	
	2021	2020
Syndicated loans	\$ 18,609,942	\$ 18,744,992
Long-term bank credit loans	<u>800,000</u>	<u>800,000</u>
	<u>\$ 19,409,942</u>	<u>\$ 19,544,992</u>

Long-term bank loans included syndicated and credit loans. Syndicated loans with monthly interest payments expire in December 2026 and have interest rate intervals of both 1.79% per annum as of December 31, 2021 and 2020; credit loans expire in December 2023 and have interest rate intervals of 0.78% per annum and 0.85% per annum as of December 31, 2021 and 2020, respectively.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,594,659	\$ 1,585,277
Fair value of plan assets	<u>(1,926,523)</u>	<u>(1,622,542)</u>
Net defined benefit assets	<u>\$ (331,864)</u>	<u>\$ (37,265)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	<u>\$ 1,585,277</u>	<u>\$ (1,622,542)</u>	<u>\$ (37,265)</u>
Service cost			
Net interest expense (income)	<u>7,582</u>	<u>(7,923)</u>	<u>(341)</u>
Recognized in profit or loss	<u>7,582</u>	<u>(7,923)</u>	<u>(341)</u>
Remeasurement			
Return on plan assets	-	(368,355)	(368,355)
Actuarial loss (gain)			
Changes in financial assumptions	(22,114)	-	(22,114)
Changes in demographic assumptions	29,702	-	29,702
Experience adjustments	<u>126,509</u>	<u>-</u>	<u>126,509</u>
Recognized in other comprehensive loss (income)	<u>134,097</u>	<u>(368,355)</u>	<u>(234,258)</u>
Contributions from the employer	-	(60,000)	(60,000)
Benefits paid	<u>(132,297)</u>	<u>132,297</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,594,659</u>	<u>\$ (1,926,523)</u>	<u>\$ (331,864)</u>
Balance at January 1, 2020	<u>\$ 1,690,148</u>	<u>\$ (943,806)</u>	<u>\$ 746,342</u>
Service cost			
Net interest expense (income)	<u>16,172</u>	<u>(9,016)</u>	<u>7,156</u>
Recognized in profit or loss	<u>16,172</u>	<u>(9,016)</u>	<u>7,156</u>
Remeasurement			
Return on plan assets	-	(777,512)	(777,512)
Actuarial loss (gain)			
Changes in financial assumptions	49,137	-	49,137
Experience adjustments	<u>(1,204)</u>	<u>-</u>	<u>(1,204)</u>
Recognized in other comprehensive loss (income)	<u>47,933</u>	<u>(777,512)</u>	<u>(729,579)</u>
Contributions from the employer	-	(61,184)	(61,184)
Benefits paid	<u>(168,976)</u>	<u>168,976</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 1,585,277</u>	<u>\$ (1,622,542)</u>	<u>\$ (37,265)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ <u>(341)</u>	\$ <u>7,156</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

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

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

	December 31	
	2021	2020
Discount rates	0.75%	0.50%
Expected rates of salary increase	1.00%-1.50%	1.00%-1.50%

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

	December 31	
	2021	2020
Discount rates		
0.125% increase	\$ <u>(10,853)</u>	\$ <u>(12,534)</u>
0.125% decrease	\$ <u>10,988</u>	\$ <u>12,705</u>
Expected rates of salary increase		
0.125% increase	\$ <u>10,951</u>	\$ <u>12,629</u>
0.125% decrease	\$ <u>(10,843)</u>	\$ <u>(12,490)</u>

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the changes in assumptions had occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 60,000</u>	<u>\$ 62,102</u>
The average duration of the defined benefit obligation	5.5 years	6.4 years

15. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousand)	<u>2,200,000</u>	<u>2,200,000</u>
Value of shares authorized	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>
Number of shares issued and fully paid (in thousand)	<u>1,660,372</u>	<u>1,660,372</u>
Value of shares issued	<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 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 dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 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.

An appropriation of earnings to a 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. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. 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 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 606,583	\$ 263,411
Cash dividends	\$ 2,490,557	\$ 1,162,260
Cash dividends per share (NT\$)	\$ 1.5	\$ 0.7

The appropriation of earnings for 2019 was resolved in the shareholders' meeting on June 22, 2020. The above 2020 appropriation for cash dividends was resolved by the Company's board of directors on February 26, 2021 and the other proposed appropriations were resolved by the shareholders' meeting held on May 17, 2021.

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 15, 2022. The appropriations and dividends per share were as follows:

	2021
Legal reserve	\$ 465,605
Cash dividends	\$ 2,490,557
Cash dividends per share (NT\$)	\$ 1.5

The above appropriation for cash dividends had been resolved by the board of directors; the other proposed appropriations will be resolved by the shareholders' meeting to be held on June 23, 2022.

d. Special reserves

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	\$ 4,001,813	\$ 4,028,583
Reversal:		
Disposal of investment properties	(1,812)	-
Disposal of partial interests in subsidiaries	-	(26,770)
Balance at December 31	\$ 4,000,001	\$ 4,001,813

e. Other equity items

	Exchange of 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 year ended December 31, 2021</u>				
Balance at January 1	\$ (1,509,007)	\$ 6,633,307	\$ (3,025)	\$ 5,121,275
Unrealized gains on financial assets measured at FVTOCI	-	1,618,538	-	1,618,538
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(691,261)	2,361,280	3,025	1,673,044
Changes in equity of associates accounted for using equity method	-	(2,711)	-	(2,711)
Disposal of partial interests in subsidiaries	(1,143)	(1,001)	-	(2,144)
Changes in ownership interest in subsidiaries	15,795	(26)	-	15,769
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(34,370)</u>	<u>-</u>	<u>(34,370)</u>
Balance at December 31	<u>\$ (2,185,616)</u>	<u>\$ 10,575,017</u>	<u>\$ -</u>	<u>\$ 8,389,401</u>
<u>For the year ended December 31, 2020</u>				
Balance at January 1	\$ (1,036,202)	\$ 6,809,645	\$ (6,377)	\$ 5,767,066
Unrealized gains on financial assets measured at FVTOCI	-	413,634	-	413,634
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(526,210)	(289,776)	1,067	(814,919)
Disposal of partial interests in subsidiaries	50,578	(27)	-	50,551
Changes in ownership interest in subsidiaries	2,827	(353)	2,285	4,759
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(299,816)</u>	<u>-</u>	<u>(299,816)</u>
Balance at December 31	<u>\$ (1,509,007)</u>	<u>\$ 6,633,307</u>	<u>\$ (3,025)</u>	<u>\$ 5,121,275</u>

16. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 222,191	\$ 285,565
Interest on lease liabilities	<u>88</u>	<u>60</u>
	<u>\$ 222,279</u>	<u>\$ 285,625</u>

b. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 3,508	\$ 3,591
Right-of-use assets	2,146	1,819
Investment properties	852	852
Other non-current assets	<u>4,874</u>	<u>5,819</u>
	<u>\$ 11,380</u>	<u>\$ 12,081</u>
An analysis of deprecation by function		
Operating expenses	<u>\$ 6,506</u>	<u>\$ 6,262</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 4,874</u>	<u>\$ 5,819</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 3,907	\$ 2,442
Defined benefit plans	<u>(341)</u>	<u>7,156</u>
	3,566	9,598
Share-based payments	-	1,144
Other employee benefits	<u>253,700</u>	<u>169,731</u>
Total employee benefits expense	<u>\$ 257,266</u>	<u>\$ 180,473</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 257,266</u>	<u>\$ 180,473</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 years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 15, 2022 and February 26, 2021, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	0.10%	0.10%
Remuneration of directors	0.41%	0.41%

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

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

17. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ -	\$ 40,925
Income tax on unappropriated earnings	147,096	60,422
Land value increment tax	11,333	-
Adjustment for prior periods	-	2,481
	<u>158,429</u>	<u>103,828</u>
Deferred tax		
In respect of the current year	<u>371</u>	<u>17,172</u>
Income tax expense recognized in profit or loss	<u>\$ 158,800</u>	<u>\$ 121,000</u>

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

	For the Year Ended December 31	
	2021	2020
Income before tax	<u>\$ 5,363,054</u>	<u>\$ 5,330,079</u>
Income tax expense calculated at the statutory rate (20%)	\$ 1,072,610	\$ 1,066,016
Nondeductible expenses in determining taxable income	1,609	148
Tax-exempt income	(1,177,026)	(1,181,091)
Additional income tax under the Income Basic Tax Act	-	40,925
Income tax on unappropriated earnings	147,096	60,422
Land value increment tax	11,333	-
Unrecognized deductible temporary differences	103,178	132,099
Adjustments for prior years' tax	<u>-</u>	<u>2,481</u>
Income tax expense recognized in profit or loss	<u>\$ 158,800</u>	<u>\$ 121,000</u>

b. Income tax recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ 46,852	\$ 145,916
Share of the other comprehensive loss of subsidiaries and associates	<u>(7,442)</u>	<u>(7,696)</u>
	<u>\$ 39,410</u>	<u>\$ 138,220</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Others	<u>\$ -</u>	<u>\$ 7,555</u>	<u>\$ -</u>	<u>\$ 7,555</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Reserve for land revaluation increment tax	\$ 350,116	\$ -	\$ -	\$ 350,116
Defined benefit plan	61,374	7,928	46,852	116,154
Others	<u>526</u>	<u>(2)</u>	<u>-</u>	<u>524</u>
	<u>\$ 412,016</u>	<u>\$ 7,926</u>	<u>\$ 46,852</u>	<u>\$ 466,794</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Defined benefit plan	<u>\$ 101,728</u>	<u>\$ (17,186)</u>	<u>\$ (84,542)</u>	<u>\$ -</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Reserve for land revaluation increment tax	\$ 350,116	\$ -	\$ -	\$ 350,116
Defined benefit plan	-	-	61,374	61,374
Others	<u>540</u>	<u>(14)</u>	<u>-</u>	<u>526</u>
	<u>\$ 350,656</u>	<u>\$ (14)</u>	<u>\$ 61,374</u>	<u>\$ 412,016</u>

d. Income tax approved situation

The application case for the year end of 2017 has been approved by taxing authority.

18. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share (NT\$)	<u>\$ 3.13</u>	<u>\$ 3.14</u>
Diluted earnings per share (NT\$)	<u>\$ 3.13</u>	<u>\$ 3.14</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit for the year	<u>\$ 5,204,254</u>	<u>\$ 5,209,079</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 5,204,254</u>	<u>\$ 5,209,079</u>

Number of Share (In Thousands)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>186</u>	<u>230</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,558</u>	<u>1,660,602</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were 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 shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

19. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share options plan of the subsidiary - Yuen Foong Yu Consumer Products 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 3,320 employee share options in July 2020. Each option entitles the holder to subscribe for 1,000 ordinary shares of Yuen Foong Yu Consumer Products Co., Ltd. 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 are valid for 0.02 years and the exercise price is \$15 per share.

Information on compensatory employee share options issued to the employees of the Company in July 2020 is as follows:

Employee Share Options	Number of Options (In Thousands of Units)	Exercise Price
Granted in July 2020	<u>80</u>	<u>\$ 15</u>
Weighted-average fair value of options granted in July 2020 (NT\$)	<u>\$ 14.3</u>	

Information on employee share options certificates that the subsidiary issued is as follows:

	For the Year Ended December 31, 2020	
Share Options Certificates	Number of Options (In Thousands of Units)	Exercise Price
Balance at January 1	-	
Options granted	80	
Options exercised	<u>(80)</u>	
Balance at December 31	<u>-</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 15</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	\$29.3
Exercise price	\$15
Expected volatility (%)	45.69
Expected lives (years)	0.02
Expected dividend yield (%)	-
Expected grant (%)	100
Risk free interest rate (%)	0.28

The employee benefit expenses recognized on the employee share option plans were \$1,144 thousand for the year ended December 31, 2020.

20. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company 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 Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

21. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amounts of those financial assets and financial liabilities that are not measured at fair value recognized in the 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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>6,302</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,302</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 10,090,731	\$ -	\$ -	\$ 10,090,731
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,050,750</u>	<u>4,050,750</u>
	<u>\$ 10,090,731</u>	<u>\$ -</u>	<u>\$ 4,050,750</u>	<u>\$ 14,141,481</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 16,283	\$ -	\$ -	\$ 16,283
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 8,146,163	\$ -	\$ -	\$ 8,146,163
Domestic unlisted shares	-	-	3,994,241	3,994,241
	\$ 8,146,163	\$ -	\$ 3,994,241	\$ 12,140,404

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

For the year ended December 31, 2021

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 3,994,241
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	86,998
Disposals	(4,367)
Return of capital upon investees' capital reduction	(26,122)
Balance at December 31, 2021	\$ 4,050,750

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 3,215,515
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	853,295
Purchases	11,940
Disposals	(45,453)
Return of capital upon investees' capital reduction	(41,056)
Balance at December 31, 2020	\$ 3,994,241

3) Valuation techniques and inputs used for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic 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

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 6,302	\$ 16,283
FVTOCI		
Equity instruments	14,141,481	12,140,404
Amortized cost (1)	47,526	10,059

Financial liabilities

Amortized cost (2)	21,579,151	21,374,944
--------------------	------------	------------

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

d. Financial risk management objectives and policies

The Company'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 Company's financial performance, the Company was devoted to identify, analyze and estimate related financial risk factor which may lead to unfavorable effect on the financial performance of the Company, and conduct related program to lower and hedge financial risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in interest rates and equity prices.

a) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 482,418	\$ 929,046
Lease liabilities	3,375	2,543
Cash flow interest rate risk		
Financial assets	12,894	4,100
Financial liabilities	20,989,942	20,349,992

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 points higher/lower and all other variables were held constant, the Company's post-tax profit for the years ended December 31, 2021 and 2020 would decreased/increased by \$41,954 thousand and \$40,692 thousand, respectively.

b) Other price risk

The Company was exposed to equity and commodity price risk through its investments in equity securities and mutual funds. The management of the Company 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 years ended December 31, 2021 and 2020 would have increased/decreased by \$315 thousand and \$814 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income (loss) for the years ended December 31, 2021 and 2020 would have increased/decreased by \$707,074 thousand and \$607,020 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to price risk of investments in equity securities increased during the year, which was mainly due to the fair value of equity investments increased.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The financial credit risk created by investing is evaluated and monitored by the Company'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 Company has sufficient financial flexibility.

As of December 31, 2021 and 2020, the amount of unused financing facilities was \$17,202,440 thousand and \$15,446,840 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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.

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

December 31, 2021

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 1,920,615	\$ 20,216,453	\$ -
Fixed interest rate liabilities	483,000	-	-
Lease liabilities	<u>1,353</u>	<u>2,010</u>	<u>113</u>
	<u>\$ 2,404,968</u>	<u>\$ 20,218,463</u>	<u>\$ 113</u>

December 31, 2020

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 1,148,136	\$ 20,467,817	\$ -
Fixed interest rate liabilities	930,000	-	-
Lease liabilities	<u>1,296</u>	<u>1,136</u>	<u>225</u>
	<u>\$ 2,079,432</u>	<u>\$ 20,468,953</u>	<u>\$ 225</u>

22. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Names and categories of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Hsin-Yi Enterprise Co., Ltd.	Entities with key management personnel
Yuen Foong Paper Co., Ltd.	Entities with key management personnel
Wei-Li Tsai	Entities with key management personnel
Chung Hwa Pulp Corporation	Subsidiary
YFY Packaging Inc.	Subsidiary
YFY Jupiter (BVI) Inc.	Subsidiary
Fidelis IT Solutions Co., Ltd.	Subsidiary
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary
Yuen Foong Shop Co., Ltd.	Subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary
China Color Printing Co., Ltd.	Subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Subsidiary
YFY Paradigm Investment Co., Ltd.	Subsidiary
YFY Biotech Co., Ltd.	Associate
E Ink Holdings Inc.	Associate
YuanHan Materials Inc.	Associate
Taiwan Global BioFund Co., Ltd. (Note)	Associate
SinoPac Securities Corporation	Substantive related party
Hsin-Yi Foundation	Substantive related party
SinoPac Leasing Corporation	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Hoi Toy&Play Corporation	Substantive related party
Lui Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Hsinex International Corp.	Substantive related party
Fu Hwa Development Enterprise Co., Ltd.	Substantive related party
YFY Co., Ltd.	Substantive related party

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

b. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Receivables from related parties	Associate		
	YFY Biotech Co., Ltd.	\$ 105	\$ 109
	Subsidiaries		
	Fidelis IT Solutions Co., Ltd.	-	18
	Others	-	2
		-	20
	Substantive related party		
	Ho Tien Co., Ltd.	26,520	-
		<u>\$ 26,625</u>	<u>\$ 129</u>

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

c. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Payables to related parties	Subsidiaries		
	China Color Printing Co., Ltd.	\$ 312	\$ 33
	YFY Corporate Advisory & Services Co., Ltd.	8	9,497
	Others	78	11
		<u>398</u>	<u>9,541</u>
	Entities with key management personnel		
	Hsin-Yi Enterprise Co., Ltd.	651	694
	Others	4	1
		<u>655</u>	<u>695</u>
	Substantive related party		
	SinoPac Securities Corporation	304	272
	Others	-	3
		<u>304</u>	<u>275</u>
	Associate	<u>74</u>	<u>28</u>
		<u>\$ 1,431</u>	<u>\$ 10,539</u>

The outstanding accounts payable to related parties were unsecured.

d. Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Fidelis IT Solutions Co., Ltd.	\$ 98	\$ 133

e. Disposal of investment properties

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Substantive related party				
Ho Tien Co., Ltd.	\$ 26,520	\$ -	\$ 24,053	\$ -

The proceeds of \$26,520 thousand were fully collected in February 2022.

f. Acquisitions of financial assets

For the year ended December 31, 2021

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Note
Subsidiaries	Non-current financial assets at fair value through other comprehensive income (loss)	7,455,438	Ordinary shares	\$ 92,160	-
Associate	Non-current financial assets at fair value through other comprehensive income (loss)	1,319,000	Ordinary shares	59,938	-
Associate	Non-current financial assets at fair value through other comprehensive income (loss)	14,664,953	Ordinary shares	344,486	(Note)
				<u>\$ 496,584</u>	

Note: Taiwan Global BioFund Co., Ltd. was liquidated in September 2021, and the remaining assets were distributed in accordance with the proportion of the original shareholders' capital contribution.

g. Disposal of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Gain (Loss) on Disposal
Subsidiaries	Investments accounted for using equity method	20,841,215	Ordinary shares	\$ 256,659	(Note)
Associate	Investments accounted for using equity method	337,000	Ordinary shares	11,447	(Note)
Entities with key management personnel	Investments accounted for using equity method	100,000	Ordinary shares	3,400	(Note)
				<u>\$ 271,506</u>	

In response to the initial public offering of Yuen Foong Yu Consumer Products Co., Ltd, the Company conducted the share diversification. The Company disposed of partial ownership of Yuen Foong Yu Consumer Products Co., Ltd. to shareholders and employees of the Company, refer to Note 9.

Note: Since the Company did not cease to have control over this subsidiary, the transactions were accounted for as equity transactions. Gain (loss) on disposal is recognized in capital surplus.

h. Others

Rental income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Chung Hwa Pulp Corporation	\$ 11,028	\$ 10,885
Others	<u>709</u>	<u>709</u>
	<u>11,737</u>	<u>11,594</u>
Entities with key management personnel		
Yuen Foong Paper Co., Ltd.	7,885	7,885
Others	<u>159</u>	<u>159</u>
	<u>8,044</u>	<u>8,044</u>
Substantive related party	<u>7,205</u>	<u>7,205</u>
Associate	<u>1,410</u>	<u>1,207</u>
	<u>\$ 28,396</u>	<u>\$ 28,050</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Entities with key management personnel	\$ 5,708	\$ 6,625
Subsidiaries	<u>114</u>	<u>114</u>
Substantive related party	<u>10</u>	<u>31</u>
	<u>\$ 5,832</u>	<u>\$ 6,770</u>

Service fee expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 31,645	\$ 41,675
Substantive related party	<u>4,013</u>	<u>3,822</u>
	<u>\$ 35,658</u>	<u>\$ 45,497</u>

Other expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Associate	<u>\$ 5,210</u>	<u>\$ 962</u>

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

Other

In November 2015, the Company bought Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015, which amounted to \$160,000 thousand (accounted for as non-current financial assets at FVTPL) and had an interest rate of 3.9%. The debentures had been redeemed by Bank SinoPac in November 2020.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 89,858	\$ 76,300
Post-employment benefits	<u>6,326</u>	<u>431</u>
	<u>\$ 96,184</u>	<u>\$ 76,731</u>

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

23. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Company's subsidiaries, customers, and suppliers were required to implement policies such as isolation and travel restrictions. In response to the pandemic, the Yangzhou Municipal Government in mainland China implemented measures to place the city under lockdown and required local companies to suspend operation in August 2021, which affected the operation of some subsidiaries. The suspension of operation was lifted and the subsidiaries, which were affected by the lockdown, returned to normal operations in September 2021. However, due to the hot sales of anti-epidemic concept products, increase in demand and price of paper and paper products, the subsidiaries' revenue and operating profit increased for the year ended December 31, 2021. The Company will continue to evaluate the impact of subsequent epidemic events on its operations.

24. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2021		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Investments in subsidiaries			
USD	\$ 766,253	27.68 (USD:NTD)	\$ 21,209,890

	December 31, 2020		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Investments in subsidiaries			
USD	\$ 762,337	28.48 (USD:NTD)	\$ 21,711,357

25. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)

b. Information on investees (Table 3)

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 4)

- 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. (None)
 - 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 1)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - 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 5)

26. SEGMENT INFORMATION

The Company has disclosed related segment information in accordance with IFRS 8 in consolidated financial statement.

TABLE 1

YFY INC.

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiary	Endorsement/ Guarantee Given by Subsidiary on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China
		Name	Relationship										
1	<u>Endorsement/guarantee</u> YFY Inc.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3	\$ 72,602,331	\$ 1,045,866	\$ 1,041,956	\$ -	\$ -	2.04	\$ 96,803,108	Yes	No	Yes
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3	72,602,331	3,007,536	2,560,985	737,564	-	5.00	96,803,108	Yes	No	Yes
	<u>Credit line (Note 4)</u> YFY Inc.	YFY Global Investment Limited	Note 3	72,602,331	1,278,800	1,273,280	46,577	-	2.49	96,803,108	No	No	No
		YFY Paradigm Investment Co., Ltd.	Note 3	72,602,331	2,370,000	2,370,000	706,000	-	4.63	96,803,108	No	No	No
		YFY International Limited	Note 3	72,602,331	3,010,500	2,998,800	833,031	-	5.86	96,803,108	No	No	No
		YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Note 3	72,602,331	3,900,000	3,900,000	1,780,000	-	7.62	96,803,108	No	No	No
		YFY Jupiter Limited	Note 3	72,602,331	282,127	270,408	139,408	-	0.53	96,803,108	No	No	No
		YFY Jupiter (BVI) Inc.	Note 3	72,602,331	428,025	415,200	174,661	-	0.81	96,803,108	No	No	No
		Mobius105 Ltd.	Note 3	72,602,331	83,400	83,040	-	-	0.16	96,803,108	No	No	No
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3	72,602,331	435,778	434,148	-	-	0.85	96,803,108	No	No	No

Note 1: Represents 150% of the net equity on the most current financial statements.

Note 2: Represents 200% of the net equity on the most current financial statements.

Note 3: The relationship between guarantor and guarantee is subsidiary.

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

TABLE 2**YFY INC.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company (Note)	Financial Statement Account	December 31, 2021				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	448,629	\$ 6,302	-	\$ 6,302	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	475,940,588	7,686,441	4.2	7,686,441	
	Zhen Ding Technology Holding Limited	-	Non-current financial assets at fair value through other comprehensive income	7,464,617	750,194	0.8	750,194	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	97,502,590	1,501,540	13.6	1,501,540	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,687,565	152,556	2.3	152,556	
	Taiwan Stock Exchange Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	25,215,244	3,198,935	3.0	3,198,935	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	20,826,000	229,687	12.9	229,687	
	Synmax Biochemical Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,999,371	140,378	13.9	140,378	
	Universal Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,221,228	43,338	3.0	43,338	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	4,200,000	74,601	14.0	74,601	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,600,000	17,865	8.0	17,865	
	Shin Taiwan Kubota Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,612	49,289	5.5	49,289	
	China Trade and Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	377,634	3,279	0.6	3,279	
	Sino Cell Technologies Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,691,656	8,246	10.0	8,246	
	Yuen Foong Paper Co., Ltd.	Note 2	Non-current financial assets at fair value through other comprehensive income	544,067	11,414	0.7	11,414	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	273,718	14.9	273,718	

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.

TABLE 3

YFY INC.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 8,990,329	\$ 488,231	\$ 267,660	Notes 1 and 3
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Production and sale of SBR (styrene butadiene rubber) latex	71,687	72,960	50,968,248	48.0	3,533,897	3,476,386	1,684,150	Notes 1 and 3
	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	3,131,418	1,062,266	672,979	Notes 1 and 3
	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	4,123,242	5,150,045	605,704	Notes 2 and 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	6,451,806	7,222,888	410,150,000	100.0	6,661,743	1,640,309	1,629,885	Notes 1 and 3
	YFY International Limited	Cyprus	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	15,081,675	(417,486)	(417,486)	Notes 1 and 3
	YFY Global Investment Limited	Cyprus	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	6,128,215	354,329	354,329	Notes 1 and 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	-	169,700	-	-	-	325,205	76,290	Notes 2, 3 and 4
	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	485,546	8,220	4,082	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	230,807	26,192	14,847	Notes 1 and 3
	YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	Taipei, Taiwan	Real estate investment and development	2,311,115	1,540,033	168,500,000	100.0	4,223,452	223,028	223,028	Notes 1 and 3
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	35,360	(683)	(683)	Notes 1 and 3
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	238,494	46,034	8,697	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	155,550,000	100.0	3,119,423	165,743	165,743	Notes 1 and 3
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construction of water processing and environmental facilities	-	-	2,500,000	100.0	102,606	58,602	58,602	Notes 1 and 3
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	110,373	(2,134)	(2,134)	Note 1
	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	72,861	6,391	3,255	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	73,499	10,191	10,191	Notes 1 and 3
	Taiwan Genome Sciences, 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	9,633	(2,053)	(397)	Notes 2 and 3
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	29,445	(1,808)	(1,808)	Notes 1 and 3

Note 1: Subsidiary.

Note 2: Associate.

Note 3: Recognized from financial statements audited by the auditors for the same periods.

Note 4: Taiwan Global BioFund Co., Ltd. was liquidated in September 2021.

TABLE 4

YFY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 138,400 (US\$ 5,000 thousand)	a.(a)	\$ 41,520 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 41,520 (US\$ 1,500 thousand)	\$ (49,057)	100.0	\$ (49,057) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	304,480 (US\$ 11,000 thousand)	a.(b)	193,760 (US\$ 7,000 thousand)	-	-	193,760 (US\$ 7,000 thousand)	25,938	100.0	25,938 (Note 2)	606,783	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	193,760 (US\$ 7,000 thousand)	a.(b)	193,760 (US\$ 7,000 thousand)	-	-	193,760 (US\$ 7,000 thousand)	(2,705)	100.0	(2,705) (Note 2)	263,635	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	39,118	100.0	39,118 (Note 2)	870,706	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	166,080 (US\$ 6,000 thousand)	a.(b)	55,360 (US\$ 2,000 thousand)	-	-	55,360 (US\$ 2,000 thousand)	23,984	100.0	23,984 (Note 2)	526,405	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	224,568 (US\$ 8,113 thousand)	-	-	224,568 (US\$ 8,113 thousand)	42,911	100.0	42,911 (Note 2)	460,701	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	221,440 (US\$ 8,000 thousand)	a.(b)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	46,840	100.0	46,840 (Note 2)	1,062,063	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	275,665 (US\$ 9,959 thousand)	a.(o)	249,120 (US\$ 9,000 thousand)	-	-	249,120 (US\$ 9,000 thousand)	66,746	100.0	66,746 (Note 2)	530,541	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	262,960 (US\$ 9,500 thousand)	a.(b)	207,600 (US\$ 7,500 thousand)	-	-	207,600 (US\$ 7,500 thousand)	18,299	93.8	17,155 (Note 2)	500,592	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	179,920 (US\$ 6,500 thousand)	a.(b)	179,920 (US\$ 6,500 thousand)	-	-	179,920 (US\$ 6,500 thousand)	468,755	100.0	468,755 (Note 2)	342,887	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	166,080 (US\$ 6,000 thousand)	a.(b)	132,864 (US\$ 4,800 thousand)	-	-	132,864 (US\$ 4,800 thousand)	53,196	100.0	53,196 (Note 2)	1,081,402	-

(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 138,400 (US\$ 5,000 thousand)	a.(b)	\$ 138,400 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 138,400 (US\$ 5,000 thousand)	\$ (8,427)	100.0	\$ (8,427) (Note 2)	\$ 114,387	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,081,033 (US\$ 328,072 thousand)	a.(a)	2,408,160 (US\$ 87,000 thousand)	-	-	2,408,160 (US\$ 87,000 thousand)	(330,099)	100.0	(330,099) (Note 2)	6,150,093	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	6,773,158 (US\$ 244,695 thousand)	a.(b)	6,781,600 (US\$ 245,000 thousand)	-	-	6,781,600 (US\$ 245,000 thousand)	(1,016,607)	100.0	(1,016,607) (Note 2)	138,512	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	412,432 (US\$ 14,900 thousand)	a.(c)	387,686 (US\$ 14,006 thousand)	-	-	387,686 (US\$ 14,006 thousand)	5,542	94.0	5,209 (Note 2)	331,993	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	221,440 (US\$ 8,000 thousand)	a.(c)	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	2,141	100.0	2,141 (Note 2)	100,930	-
Kunshan YFY Advertising and Printing Co., Ltd. (Note 8)	Design and print of advertisements	-	a.(e)	-	-	-	-	-	-	-	-	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	843,507 (RMB 194,290 thousand)	a.(f)	702,851 (US\$ 25,392 thousand)	-	-	702,851 (US\$ 25,392 thousand)	260,395	86.5	225,276 (Note 2)	3,060,591	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	34,732 (RMB 8,000 thousand)	a.(g)	-	-	-	-	(1,630)	86.5	(1,410) (Note 2)	50,516	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	9,688 (US\$ 350 thousand)	a.(h)	-	-	-	-	186,513	85.3	153,932 (Note 2)	203,014	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,683 (RMB 2,000 thousand)	a.(i)	-	-	-	-	20,816	85.3	17,267 (Note 2)	51,858	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	21,707 (RMB 5,000 thousand)	a.(i)	-	-	-	-	40,829	85.3	33,741 (Note 2)	62,648	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,512 (RMB 1,500 thousand)	a.(i)	-	-	-	-	184	29.8	29 (Note 6)	3,117	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(i)	-	-	-	-	343	29.8	96 (Note 6)	91	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,683 (RMB 2,000 thousand)	a.(i)	-	-	-	-	(1,586)	29.8	(451) (Note 6)	2,283	-

(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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 December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,183,200 (US\$ 115,000 thousand)	a.(j)	\$ 3,183,200 (US\$ 115,000 thousand)	\$ -	\$ -	\$ 3,183,200 (US\$ 115,000 thousand)	\$ 210,713	67.6	\$ 152,512 (Note 2)	\$ 1,515,690	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	830,400 (US\$ 30,000 thousand)	a.(k)	830,400 (US\$ 30,000 thousand)	-	-	830,400 (US\$ 30,000 thousand)	14,039	67.6	9,916 (Note 2)	187,123	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	830,400 (US\$ 30,000 thousand)	a.(k)	830,400 (US\$ 30,000 thousand)	-	-	830,400 (US\$ 30,000 thousand)	13,158	67.6	7,596 (Note 2)	780,488	-
Shanghai YFY International Trade Co., Ltd. (Note 9)	General trade	4,341 (RMB 1,000 thousand)	b.(a)	4,341 (RMB 1,000 thousand)	-	4,341 (RMB 1,000 thousand)	-	666	-	486 (Note 2)	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,370,238 (US\$ 85,630 thousand)	a.(l)	608,960 (US\$ 22,000 thousand)	-	-	608,960 (US\$ 22,000 thousand)	(77,424)	75.2	(58,185) (Note 2)	3,322,091	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	605,638 (US\$ 21,880 thousand)	a.(m)	204,278 (US\$ 7,380 thousand)	-	-	204,278 (US\$ 7,380 thousand)	45,297	75.2	34,042 (Note 2)	2,205,446	-
Guizhou Yuanfeng Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	-	a.(p)	-	-	-	-	-	50.4	- (Note 2)	-	-
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	8,683 (RMB 2,000 thousand)	a.(d)	-	-	-	-	1,622	75.2	1,219 (Note 2)	8,287	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	13,893 (RMB 3,200 thousand)	a.(d)	-	-	-	-	(11,102)	75.2	(8,343) (Note 2)	98,809	-
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	217,074 (RMB 50,000 thousand)	a.(n)	217,074 (RMB 50,000 thousand)	-	-	217,074 (RMB 50,000 thousand)	16,109	79.3	12,774 (Note 2)	69,546	-
Kunshan Actview Carbon Technology Co., Ltd. (Note 10)	Manufacture and sale of active carbon	34,877 (US\$ 1,260 thousand)	b.(b)	23,140 (US\$ 836 thousand)	-	-	23,140 (US\$ 836 thousand)	(320)	-	(212) (Note 2)	-	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (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
\$15,197,324	\$16,954,753	\$43,592,899

Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$28.009 or RMB1=NT\$4.341673, the rest were translated at exchange rates of US\$1=NT\$27.68 or RMB1=NT\$4.341484 as of December 31, 2021.

Note 2: Recognized from financial statements audited 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 International Limited (d) Guangdong Dingfung Pulp & Paper Co., Ltd. (e) YFY Paper Enterprise (Xiamen) Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. (f) YFY RFID Co., Ltd. (g) Arizon RFID Technology Co., Ltd. (h) Mobius105 Ltd. (i) YFY Jupiter (Shenzhen) Ltd. (j) Yuen Foong Yu Consumer Products Investment Limited (k) YFY investment Co., Ltd. (l) YFY International Limited and CHP International (BVI) Corporation (m) YFY International Limited, CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (n) YFY Capital Holdings Corp. (o) YFY Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (p) Zhaoqing Dingfung Forestry Co., Ltd.

b. Direct investment in mainland China and the investors are as follows:

(a) Yuen Foong Shop Co., Ltd. (b) San Ying Enterprise Co., Ltd.

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,261,617 thousand made by investor of mainland China has been deducted.

Note 6: Recognized from financial statements in the same period that have not been audited.

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.

Note 8: 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.

Note 9: On July 14, 2021, the board of directors of subsidiary, Yuen Foong Shop Co., Ltd., resolved to dispose all its ownership of Shanghai YFY International Trade Co., Ltd. The contract was signed in August 2021. The Group completed the disposal in August 2021 and lost control of it.

Note 10: On September 3, 2021, the board of directors of subsidiary, San Ying Enterprise Co., Ltd., resolved to dispose all its ownership of Kunshan Actview Carbon Technology Co., Ltd. The contract was signed in October 2021. The Group completed the disposal in December 2021 and lost control of it.

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 Table 1.

(Concluded)

TABLE 5**YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shou-Chung Ho	170,615,028	10.27
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 year.

YFY INC.

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YFY INC.

**STATEMENT OF FINANCIAL ASSETS AT FVTOCI
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Securities Name	Balance, December 31, 2020		Increase in 2021		Decrease in 2021		The Amount of This Year's Evaluation (Note 3)	Fair Value at the End of the Year			Note
	Shares	Amount	Shares (Note 1)	Amount	Shares (Note 2)	Amount		Shares	Percentage of Ownership (%)	Amount	
Ordinary Shares - listed company											
SinoPac Financial Holdings Co., Ltd.	468,485,150	\$ 5,364,155	7,455,438	\$ 92,160	-	\$ -	\$ 2,230,126	475,940,588	4.2	\$ 7,686,441	Note 4
TaiGen Biopharmaceuticals Holdings Ltd.	84,509,502	1,931,042	12,993,088	224,780	-	-	(654,282)	97,502,590	13.6	1,501,540	Note 4
Zhen Ding Technology Holding Limited	7,464,617	850,966	-	-	-	-	(100,772)	7,464,617	0.8	750,194	Note 4
Medeon Biodesign, Inc.	-	-	3,006,565	179,644	(1,319,000)	(83,556)	56,468	1,687,565	2.3	152,556	Note 4
		<u>8,146,163</u>		<u>496,584</u>		<u>(83,556)</u>	<u>1,531,540</u>			<u>10,090,731</u>	
Ordinary Shares - unlisted company											
Taiwan Stock Exchange Corporation	22,513,611	3,155,583	2,701,633	-	-	-	43,352	25,215,244	3.0	3,198,935	
KHL IB Venture Capital Co., Ltd.	15,055,884	371,960	-	-	(2,612,196)	(26,122)	(72,120)	12,443,688	14.9	273,718	
Canada Investment and Development Co., Ltd.	20,826,000	183,214	-	-	-	-	46,473	20,826,000	12.9	229,687	
Synmax Biochemical Co., Ltd.	5,999,371	81,446	-	-	-	-	58,932	5,999,371	13.9	140,378	
Fu Hwa Development Enterprise Co., Ltd.	4,200,000	58,282	-	-	-	-	16,319	4,200,000	14.0	74,601	
Shin Taiwan Kubota Co., Ltd.	5,612	61,397	-	-	-	-	(12,108)	5,612	5.5	49,289	
Universal Investment Co., Ltd.	5,221,228	34,318	-	-	-	-	9,020	5,221,228	3.0	43,338	
Taiwan Creative Industry Development Co., Ltd.	1,600,000	16,150	-	-	-	-	1,715	1,600,000	8.0	17,865	
Yuen Foong Paper Co., Ltd.	544,067	10,495	-	-	-	-	919	544,067	0.7	11,414	
Sino Cell Technologies Ltd.	1,691,656	14,234	-	-	-	-	(5,988)	1,691,656	10.0	8,246	
China Trade and Development Corp.	377,634	3,265	-	-	-	-	14	377,634	0.6	3,279	
iXensor Inc.	191,000	3,897	-	-	(191,000)	(4,367)	470	-	-	-	
		<u>3,994,241</u>		<u>-</u>		<u>(30,489)</u>	<u>86,998</u>			<u>4,050,750</u>	
		<u>\$ 12,140,404</u>		<u>\$ 496,584</u>		<u>\$ (114,045)</u>	<u>\$ 1,618,538</u>			<u>\$ 14,141,481</u>	

Note 1 The increase of capital was due to the acquisitions of shares of SinoPac Financial Holdings Co., Ltd. 92,160 thousand and Medeon Biodesign, Inc. 59,938 thousand, respectively, which totaled 152,098 thousand and investments accounted for using equity method of Taiwan Global BioFund Co., Ltd. liquidated, and distributed TaiGen Biopharmaceuticals Holdings Ltd. 224,780 thousand and Medeon Biodesign, Inc. 119,706 thousand, respectively, which totaled 344,486 thousand.

Note 2: The decrease of capital was due to the sale of shares of Medeon Biodesign, Inc. 83,556 thousand and iXensor Inc. 4,367 thousand, respectively, which totaled 87,923 thousand and KHL IB Venture Capital Co., Ltd. executed cash capital reduction 26,122 thousand.

Note 3: Accounted for unrealized gain (loss) on financial assets at FVTOCI.

Note 4: The unit price is calculated by the closing price as of December 31, 2021.

YFY INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company (Note 1)	Balance, December 31, 2020		Increase in 2021 (Note 2)		Decrease in 2021 (Note 3)		Share of Profit or Loss of Subsidiaries and Associates	Equity Adjustments (Note 4)	Other Adjustments (Note 5)		Balance, December 31, 2021			Market Price (Note 6)	
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount	Percentage of Ownership (%)	Amount	Unit Price (NT\$)	Total Amount	
Listed company															
Chung Hwa Pulp Corporation	627,827,088	\$ 8,596,617	-	\$ -	-	\$ -	\$ 267,660	\$ 126,052	-	\$ -	627,827,088	57.8	\$ 8,990,329	\$ 24.80	\$ 15,570,112
Shin Foong Specialty and Applied Materials Co., Ltd.	51,871,248	2,367,344	-	-	(903,000)	(564,074)	1,684,150	46,477	-	-	50,968,248	48.0	3,533,897	165.00	8,409,761
Yuen Foong Yu Consumer Products Co., Ltd.	158,004,565	<u>2,602,532</u> <u>13,566,493</u>	-	<u>-</u> <u>-</u>	-	<u>(632,018)</u> <u>(1,196,092)</u>	<u>672,979</u> <u>2,624,789</u>	<u>487,925</u> <u>660,454</u>	-	<u>-</u> <u>-</u>	158,004,565	59.1	<u>3,131,418</u> <u>15,655,644</u>	50.20	7,931,829
OTC company															
E Ink Holdings Inc.	133,472,904	<u>3,595,979</u>	-	<u>-</u>	-	<u>(358,468)</u>	<u>605,704</u>	<u>280,027</u>	-	<u>-</u>	133,472,904	11.7	<u>4,123,242</u>	151.00	17,134,409
Unlisted company															
YFY Packaging Inc.	410,150,000	7,124,383	77,108,200	-	-	(615,225)	1,629,885	(706,218)	(77,108,200)	(771,082)	410,150,000	100.0	6,661,743		-
YFY International Limited	363,689,638	15,737,977	-	-	-	-	(417,486)	(238,816)	-	-	363,689,638	100.0	15,081,675		-
YFY Global Investment Limited	79,000,000	5,973,380	-	-	-	-	354,329	(199,494)	-	-	79,000,000	100.0	6,128,215		-
Taiwan Global BioFund Co., Ltd.	16,970,040	430,897	-	-	(16,970,040)	(447,731)	76,290	(59,456)	-	-	-	-	-		-
China Color Printing Co., Ltd.	32,896,330	449,718	-	-	-	(8,224)	4,082	39,970	-	-	32,896,330	49.7	485,546		-
Effion Enertech Co., Ltd.	34,300,000	215,659	-	-	-	-	14,847	301	-	-	34,300,000	49.0	230,807		-
YFY Development Corp. (originally named as YFY Capital Co., Ltd.)	112,820,686	2,133,843	14,881,325	-	-	-	223,028	1,095,499	40,797,989	771,082	168,500,000	100.0	4,223,452		-
YFY Corporate Advisory & Services Co., Ltd.	3,000,000	42,197	-	-	-	(6,936)	(683)	782	-	-	3,000,000	100.0	35,360		-
Union Paper Corp.	19,584,000	232,759	-	-	-	(3,916)	8,697	954	-	-	19,584,000	18.9	238,494		-
YFY Paradigm Investment Co., Ltd.	146,726,235	2,332,943	8,823,765	-	-	-	165,743	620,737	-	-	155,550,000	100.0	3,119,423		-
San Ying Enterprise Co., Ltd.	2,500,000	62,966	-	-	-	(17,800)	58,602	(1,162)	-	-	2,500,000	100.0	102,606		-
YFY Japan Co., Ltd.	200	116,122	-	-	-	-	(2,134)	(3,615)	-	-	200	100.0	110,373		-
Yuen Yan Paper Container Co., Ltd.	6,178,500	74,701	-	-	-	(5,095)	3,255	-	-	-	6,178,500	50.9	72,861		-
Fidelis IT Solutions Co., Ltd.	2,857,000	56,959	-	-	-	-	10,191	6,349	-	-	2,857,000	100.0	73,499		-
Taiwan Genome Sciences, Inc.	561,291	11,443	-	-	-	(1,403)	(397)	(10)	-	-	561,291	19.4	9,633		-
Sustainable Carbohydrate Innovation Co., Ltd.	3,000,000	<u>31,253</u> <u>35,027,200</u>	-	<u>-</u> <u>-</u>	-	<u>-</u> <u>(1,106,330)</u>	<u>(1,808)</u> <u>2,126,441</u>	<u>-</u> <u>555,821</u>	-	<u>-</u> <u>-</u>	3,000,000	100.0	<u>29,445</u> <u>36,603,132</u>		-
		<u>\$ 52,189,672</u>		<u>\$ -</u>		<u>\$ (2,660,890)</u>	<u>\$ 5,356,934</u>	<u>\$ 1,496,302</u>		<u>\$ -</u>			<u>\$ 56,382,018</u>		

- Note 1: Except for YFY Japan Co., Ltd., the rest were calculated according to the audited annual financial statements.
- Note 2: The companies issued stock dividends.
- Note 3: Except for the issuance of cash dividends of Shin Foong Specialty and Applied Materials Co., Ltd. and the sale of the Company’s shares of Shin Foong Specialty and Applied Materials Co., Ltd., Taiwan Global BioFund Co., Ltd. liquidated, other companies issued cash dividends.
- Note 4: This includes recognition of adjustments not recognized by shareholding ratio, exchange differences on translation of foreign financial statements, remeasurement of defined benefit plans, and unrealized gain (loss) on financial assets measured at FVTOCI, etc.
- Note 5: YFY Packaging Inc. integrated the spin-off assets, liabilities and business operation of the Chenggong plant into YFY Development Corp. (originally named as YFY Capital Co., Ltd.), and issued new shares of 771,082 thousand by YFY Development Corp. (originally named as YFY Capital Co., Ltd.) as the consideration for the transfer of the division, refer to Note 9.
- Note 6: Calculated based on the closing price at the end of 2021.

SCHEDULE 3**YFY INC.****STATEMENT OF CURRENT BORROWING****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Type of Loan and Creditor	Deadline of the Loan	Rate (%)	Balance, December 31, 2021	Amount of the Financing
Credit loan of the bank				
First Bank	2021.12.15-2022.01.14	0.75	\$ 470,000	\$ 470,000
Sumitomo Mitsui Banking Corporation	2021.11.24-2022.01.12	0.80	400,000	415,200
Yuanta Bank	2021.12.02-2022.03.02	0.78	300,000	300,000
Taishin Bank	2021.12.15-2022.01.14	0.79	300,000	600,000
Taipei Fubon Bank	2021.11.10-2022.02.08	0.77	<u>110,000</u>	<u>200,000</u>
			<u>\$ 1,580,000</u>	<u>\$ 1,985,200</u>

YFY INC.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Guarantee Agency	Deadline of Issue	Discount Rate (%)	Amount of Issue	<u>Amount of Commercial Principal</u>		Mortgage or Guarantee
				Unamortized Short-term Notes and Bills Payable Discount	Carrying Amount	
China Bills	2021.12.24-2022.03.17	0.81	\$ 300,000	\$ 498	\$ 299,502	-
Dah Chung Bills	2021.12.02-2022.01.14	0.80	120,000	34	119,966	-
Dah Chung Bills	2021.11.29-2022.01.14	0.80	35,000	10	34,990	-
China Bills	2021.12.17-2022.03.17	0.81	18,000	30	17,970	-
Dah Chung Bills	2021.12.13-2022.01.12	0.80	5,000	1	4,999	-
China Bills	2021.12.24-2022.03.17	0.81	<u>5,000</u>	<u>9</u>	<u>4,991</u>	-
			<u>\$ 483,000</u>	<u>\$ 582</u>	<u>\$ 482,418</u>	

YFY INC.

STATEMENT OF NON-CURRENT BORROWING
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Bank of Loan	Period of the Contract	Repayment Method	Rate (%)	Balance, December 31, 2021			Guarantee and Guarantee Situation
				Due within One Year	Expires After One Year	Total	
Syndicated loans							
Taiwan Bank	2018.12.24-2023.12.24	Due repayment, monthly interest payment	1.79	\$ -	\$ 5,040,000	\$ 5,040,000	-
Taiwan Bank	2020.02.10-2025.02.10	Due repayment, monthly interest payment	1.79	-	4,800,000	4,800,000	-
Taiwan Bank	2020.12.30-2025.12.30	Due repayment, monthly interest payment	1.79	-	7,200,000	7,200,000	-
First Bank	2021.12.24-2026.12.24	Due repayment, monthly interest payment	1.79	-	1,600,000	1,600,000	-
Less: Hosting fee of bank joint loan				-	(30,058)	(30,058)	
Bank credit loans							
Taiwan Bank	2021.12.01-2023.12.01	Due repayment, monthly interest payment	0.78	-	800,000	800,000	-
				\$ -	\$ 19,409,942	\$ 19,409,942	

YFY INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Items	Amount
Employee benefits expense	\$ 257,266
Agency fee expenses	26,125
Tax	36,292
Professional service expenses	24,334
Others (Note)	<u>75,450</u>
	<u>\$ 419,467</u>

Note: The amount of each item does not exceed 5% of the account balance.

YFY INC.

**STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY
FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expense	Total	Classified as Operating Costs	Classified as Operating Expense	Total
Employee benefits expense						
Salary	\$ -	\$ 218,348	\$ 218,348	\$ -	\$ 141,379	\$ 141,379
Labor and health insurance	-	10,929	10,929	-	5,413	5,413
Pension	-	3,566	3,566	-	9,598	9,598
Board compensation	-	22,000	22,000	-	22,000	22,000
Share-based payments	-	-	-	-	1,144	1,144
Others	-	2,423	2,423	-	939	939
	<u>\$ -</u>	<u>\$ 257,266</u>	<u>\$ 257,266</u>	<u>\$ -</u>	<u>\$ 180,473</u>	<u>\$ 180,473</u>
Depreciation	<u>\$ -</u>	<u>\$ 6,506</u>	<u>\$ 6,506</u>	<u>\$ -</u>	<u>\$ 6,262</u>	<u>\$ 6,262</u>
Amortization	<u>\$ -</u>	<u>\$ 4,874</u>	<u>\$ 4,874</u>	<u>\$ -</u>	<u>\$ 5,819</u>	<u>\$ 5,819</u>

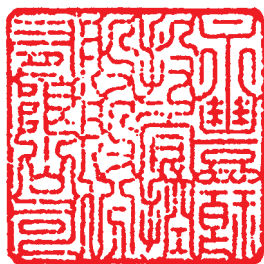
Note 1: For the years ended December 31, 2021 and 2020, the Company had average 92 and 40 employees, respectively, which included 6 non-employee directors.

- Note 2:
- Average employee benefits expense for the years ended December 31, 2021 and 2020 were \$2,736 thousand and \$4,661 thousand, respectively.
 - Average salary for the years ended December 31, 2021 and 2020 were \$2,539 thousand and \$4,158 thousand, respectively.
 - The average salary changed by (39)% year over year.
 - The Company did not have supervisors.

Note 3: The Company's compensation policies:

- According to the Articles of Incorporation, if the Company made a profit based on operating results in the current year, 0.1% or more of the income shall be set aside as compensation of employees and 2% or less shall be distributed as remuneration of directors.
- The total compensation paid to the executive officers which included salary, bonus, and compensation of employees is based on the condition of the industry to meet the market standard and company performance, personal performance, and projected future risks. Such compensation and remuneration are submitted to the compensation committee for review and approval.
- The Company participates in compensation surveys to measure pay levels in the market of employment. Besides, the Company also takes into account the pay levels of the industry in order to make an adequate adjustment to the overall compensation policies. In addition to annual salary adjustment and comprehensive promotional practices, various award systems are established to attract, retain, develop, and encourage talents.

YFY INC.



Chairman of Board

Jean Liu





YFY INC.

No. 51, Sec. 2, Chongqing S. Rd., Taipei / Phone Number: +886-2-2396-8020

