



# YFY Inc.

## 2022 Annual Report

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

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**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

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

• CPA: Chih-Ming Shao and Hui-Min Huang.

Deloitte and Touche

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

**VI. Company Website : <https://www.yfy.com>**

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**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.

# Contents ■

Chapter1	Letter to Shareholders		
Chapter2	Company Profile	04	I. Date of Establishment
		04	II. Company History
Chapter3	Corporate Governance Report	07	I. Organizational Chart
		08	II. Profiles of Directors, President, VP, VPs, and Managers
		19	III. Remuneration to Directors, Independent Directors, President, and VP in the Past Year
		25	IV. Corporate Governance Practice
		55	V. Information on Fees to CPA
		55	VI. Information on Change/Replacement of CPA
		56	VII. The Chairman, President and Financial or Accounting Managerial Officer of the Company who Has Worked for the CPA Firm or Its Affiliate in the Past Year
		56	VIII. Changes in Equity and Share Pledges by Directors, Independent Directors, Managers and Shareholders who Hold More than 10% of Equity in the Past Year
		57	IX. Information about Spouses, Kinship within Second Degree, and Relationships between Any of the Top Ten Shareholders
		60	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
Chapter4	Fundraising	62	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)
		66	II. Implementation of Capital Allocation Plans
Chapter5	Business overview	68	I. Business Scope
		77	II. Market outlook
		83	III. Employee Information in the Last Two Years and Up to the Print Date of the Annual Report
		84	IV. Environmental protection expenditure information
		88	V. Employer-employee relationship
		93	VI. Information Security Risk Management
		95	VII. Material contracts
Chapter6	Financial Overview	97	I. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years
		101	II. Financial analysis for the last five years
		104	III. Audit Committee's Review Report
		105	IV. Financial Statements
		117	V. Individual financial statements
		126	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
Chapter7	Financial Position, Financial Performance and Risk Analysis	128	I. Financial comparison analysis
		129	II. Financial Performance Review and Analysis
		130	III. Cash flow analysis
		130	IV. Impact of Significant Capital Expenditures on Financial Operations in the Past Year
		131	V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year
		133	VI. Risk Analysis and Assessment in Last Year and Up to the Print Date of this Annual Report
		140	VII. Other important matters
Chapter8	Special disclosures	142	I. Information of Affiliates
		171	II. Progress of Private Placement of Securities During the Last Year and Up to the Print Date of the Annual Report
		171	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
		171	IV. Other supplemental information
		171	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
	Appendix		1: Notes to consolidated financial statements
			2: Notes to individual financial statements

## Letter to Shareholders

The Covid-19 pandemic receded in 2022, because of geopolitical disputes and cross-border health measures, however, the cost of energy, transportation, and raw materials increased sharply, while market demand has declined. In addition, countries have tightened their monetary policies to control inflation. Steep interest rate hikes have hindered economic growth and consumption. Inflation and the Russia-Ukraine war is expected to affect economic activities throughout 2023. Predictions of global GDP growth by World Bank, the Organization for Economic Cooperation and Development (OECD), and the International Monetary Fund (IMF) are set at 2%, 2.6%, and 2.8% respectively. Chung-Hua Institution for Economic Research also revised its forecast for Taiwan's growth rate in 2023 to 2.01%, a drop from 3.04% in 2022. About one-third of the world's economies are facing recession. While economic forecasts are showing a global downtrend, China's economy is expected to rebound as COVID restrictions are lifted. IMF expects China's economic growth to improve from 4.4% to 5.2%.

After a challenging year full of uncertainties, YFY's consolidated revenue for 2022 was NT\$79.636 billion, the net profit attributable to shareholders was NT\$2.17 billion, and the earnings per share was NT\$1.31. Regardless of short term challenges to business operation, we continue to diversify, having restructured as an investment holding company in 2012. E Ink generated record high profits, contributing to YFY about NT\$ 1.6 billion in investment income. SinoPac Holdings' performance in 2022 remained solid, contributing cash dividends of NT\$760 million to YFY. YFY forged ahead, incubating new businesses and fostering cutting edge projects.

Our teams champion Innovation, Circular economy and Sustainability. Our forward-looking perspective affords an ability to meet new challenges and temper a more resilient, competitive operation. YFY continues to implement circular economy, digital transformation, and the Group's five main directives for long-term development:

### 1. Renewable Energy and Energy Management

In the interest of energy efficiency, the five factories of YFY in Xinwu, Yangmei, Qingshui, Jiutang, and Yangzhou have introduced the ISO 50001 energy management system. In response to the energy plans of the Industrial Development Bureau of the Ministry of Economic Affairs, Taipower Demand Response Load Management, etc., YFY has taken measures to reduce energy consumption, implement waste heat recovery and promote various energy-saving projects. For many years, we have followed the "zero waste" concept and applied the premise of the "Saccharide Economy" proposed by Mr. Show-Chung Ho as means of material sourcing and energy production to create a fully cyclical economic system. In the future, YFY will use digital technology to move towards "intelligent energy" and "circular economy". This is the mission of the newly established "Carbontech & Management Group".

**Intelligent Energy:** The Carbontech & Management Group will develop an innovative intelligent energy system aiming to "operate Taiwan's decentralized intelligent green power grid," "construct a regional intelligent energy system," and "establish an industrial carbon credit management platform". The YFY Group will apply its expertise to develop the market layout, and address energy issues together with partners.

**Circular Economy:** The Carbontech & Management Group will accelerate the coal-replacing strategy that turns waste into resources and energy. As "A Model of Innovative Green Energy and Circular Economy," it is tasked with "Managing Taiwan's Renewable Energy Market," "Developing the Green Electricity and Energy Creation Market," and "Serving the Utility Operations Market," and other such strategies.

We are currently working with the Taoyuan city government to transform the Guishan Water Resource Recycling Center into the first green energy center in Taiwan, a ROT (Rehabilitate-Operate-Transfer) case by Taoyuan city government. The key technology of turning waste into green energy of YFY will not only reduce sludge in the plant by 40%, but also convert industrial waste water into biogas. This clean power system will generate 5 million kWh of green electricity annually, while reducing carbon dioxide emissions by 2,500 tons.

### 2. Industry 4.1 and Upstream/Downstream Industrial Ecosystems

YFY's smart manufacturing initiative integrates the Group's technological capabilities. Big data and AIoT technology are used in key production processes. Artificial intelligence was first introduced to the CHP's Jiutang mill, and its success will gradually be replicated in our other factories. With AI technology, engineers can gain in-depth understanding of cause and effect during the production process. Quality is optimized, efficiency is improved, and production costs are reduced.

YFY's Containerboard and Packaging Business uses industrial internet technology to connect the upstream ecosystem with the downstream. This high-tech link enables real-time customer service, and enhances delivery a win-win situation with supply-chain partners.



In addition, YFY's subsidiaries have partnered with banks to establish the "Blockchain Supply Chain Financial Platform Alliance" which combines the logistics, finance, and information flows of an entire supply chain into one ledger. This solves the problem of fragmented information and transaction authentication in short-chain logistics models, while also reducing paper-based operations and carbon emissions. Since its launch in July last year, more than 280 suppliers have participated and financing reached 800 million in six months, at a rate of 11.4%. This form of responsible supply chain management realizes the ESG goal of sustainable supply chains. The use of blockchain in this platform has been recognized with an ESG Innovation Award.

### 3. Continuous Development of the Circular Economy

YFY has won the "Taiwan Circular Economy Award" for its efforts in circular papermaking. Energy and resources are used to their fullest. For instance, the by-products of wood dust and sludge from pulp production can be converted into paving materials and agricultural products. In addition, green energy equipment that helps shape the circular economy— such as solar photovoltaic, lignin, and biomass fuel— has been installed at various production sites, reducing carbon emissions. After treatment, the discharged water provides commercially valuable sludge. The remaining material is used for renewable fuel production and further reuse and development.

We are also committed to steam-electricity/co-generation technology, increasing the use of SRF (solid recovered fuel) and lowering the reliance on coal. YFY has become a solution provider for other companies by utilizing its years of practical experience and showing a successful track record in the field of circular economy. This has enabled the company to expand its sources of revenue and amass additional profit.

### 4. The Saccharide Economy and Development of New Materials

YFY Academy, led by Mr. Show-Chung Ho, endeavors to advance environmentally friendly materials derived from renewable raw materials such as cellulose and starch. Through material technology, the academy proposes to "Saccharide Replacing Petrochemicals".

A prime example is paper yarn. Jointly developed by Chung Hwa Pulp Corporation and Sustainable Carbonhydrate Innovation Co., Ltd., it is an emerging bio-sourced material in the textile industry. This biodegradable fabric simplifies the traditional spinning process, reduces chemical content, and injects sustainable thinking into the fashion industry.

Another example is mulching paper which replaces the plastic used on farms to protect crops. It does not contain heavy metals, and after harvests it can be plowed over, increasing organic matter and carbon storage in the soil. The material has been mass-produced and can now be seen adorning Taiwan's lush farmland.

The CircuWell was also developed with the goal of replacing plastic. The container does not have a PE coating and can be discarded directly into the paper recycling system. The development of these products offers many benefits, including carbon reduction, plastic reduction, and waste reduction.

### 5. Recognize Promise Nurture Potential

YFY begins by focusing on its core businesses and then broadens the content of its thematic investments to nurture subsidiary investment firms. With funds gained from capital market operations, YFY Inc. makes the next round of investments, constituting a sustainable value creation cycle. Listed companies under YFY Inc. include TaiGen Biotechnology (4157), Shin Foong Specialty and Applied Materials (6582), and Yuen Foong Yu Consumer Products (6790). Arizon RFID Technology (6863), the world's largest RFID ODM tag manufacturer, has also been listed in 2023. The product's reach will expand through a cross-industry technology layout, promising fruitful results.

With regard to the 2050 global Net Zero emissions target, YFY – a century-old enterprise – is still vital. We are evolving towards a Saccharide economy, making responsible use of resources for commerce, and operating sustainably in the face of climate change.

In 2023, the YFY management team will continue to evaluate the company from the perspective of talent, capital, environment, and regulations. We will heed changes in international affairs, technological developments, environmental issues, and social patterns. Flexible and resilient, with constant care for ESG, we continue to adapt. YFY is moving with the times and creating reasonable long-term investment value for the shareholders of a century-old enterprise.

Wishing you all good health and prosperity!



Chairman of Board  
YFY Inc



# Chapter 2. Company Profile

I. Date of Establishment: February 20, 1950

II. Company History :

## 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 Jiutang 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.
- Chung Hwa Pulp Corp. completed acquisition of Guanyin plant to build a base of plastic-free materials
- 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. (Stock Code: 6790)

## 2022

- YFY established the Carbontech & Management Group.

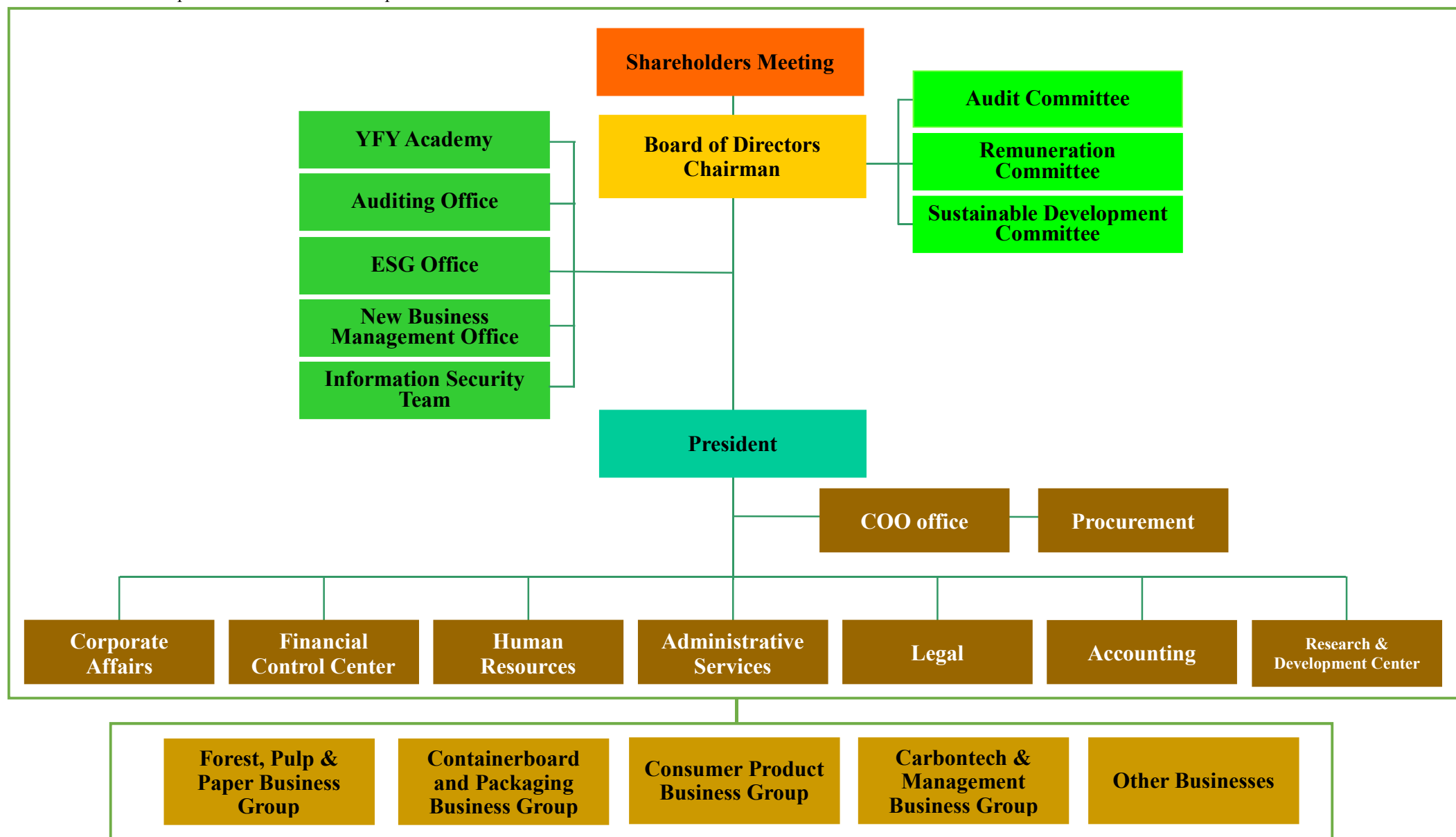
## **Chapter 3. Corporate Governance Report**

- I. Organizational Chart
- II. Profiles of Directors, President, VP, AVPs, and Managers
- III. Remuneration to directors, independent directors, president, and VP in the past year
- IV. Corporate governance practice
- V. Information on fees to CPA
- VI. Information on change/Replacement of CPA
- VII. The chairman, president and financial or accounting managerial officer of the company who has worked for the CPA firm or its affiliate in the past year
- VIII. Changes in equity and share pledges by directors, independent directors, managers and shareholders who hold more than 10% of equity in the past year and as of the printed date
- IX. Information about spouses, kinship within second degree, and relationships between any of the top ten shareholders
- X. Numbers of shares held in invested enterprises by the company, the company's directors, independent directors, managers, and enterprises directly or indirectly controlled by the company and the consolidated shareholding ratio



# I Organization

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



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

### (I) Profiles of Directors and Independent Directors

December 31, 2022

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	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	Note 1	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Director	ROC	Yuen Foong Paper Co., Ltd. Representative: David Lo	Male			2021/05/17	3	2022/02/07	18,268,073	1.10	18,268,073	1.10	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 2	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 3	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 4	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 Institute, National Chengchi University	Director & President, Huacheng Capital Co., Ltd. President, Huicheng Capital Co., Ltd. Director, YFY Paradigm Investment Co., Ltd. Director, CT Micro International Corp. (Cayman)	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	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	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Independent 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, 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										
Independent 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 Institute, Oklahoma City University	N/A	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Independent 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										
Independent 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	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	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										

\*Personal holdings

Note 1.

Chairman, Fidelis IT Solutions Co., Ltd.; Director, YFY Mauritius; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, Effion Eneritech Co., Ltd.; Director, Chung Hwa Pulp Corp.; Director, Ensilience Co., Ltd. Corp.

Note 2.

President, YFY Inc.; Director, YFY Packaging 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, Taiwan Stock Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Supervisor, Ensilience Co., Ltd.

Note. 3.

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, Sustainable Carbohydrate Innovation; Director, CHP International (BVI) Corporation; Director, Global Views Educational Foundation; Chairman, Taiwan Paper Industry Association; Director, Center for Corporate Sustainability; Executive Director, Taiwan Carbon Capture Storage and Utilization Association; Director, Taiwan-US Carbon Capture, Reuse and Storage Industry Promotion Alliance; President, Taiwan Technical Textiles Association

Note 4.

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 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; Committee Member, Appeal Review Committee of The Control Yuan



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

December 31, 2022

Name	Term	Professional qualifications and experience	The information of independence	Number of concurrent posts at other listed companies as independent director
Jean Liu		Director of Chief Technology officer, Delta Electronics Managing Consultant, IBM Global Business Services, Vice President of Customer Strategy, Schneider Electric		0
David Lo		Managing Director, UBS Taipei Branch, Deputy General Manager of Shin Kong Bank, Director of Capital Operation Division, Chang Hwa Bank		0
Kirk Hwang		Chairman, Chung Hwa Pulp Corp. , President, Kang Na Hsiung Enterprise Co., Ltd. , Head of Asia Pacific Business Developmental Department, 3M		0
Chin-San Wang		Chairman, National Taiwan University EMBA Alumni Foundation, Vice Chairman Deloitte Touche Tohmatsu Limited Associate Professor of Department of Accounting, CPA Associations R.O.C Member of Financial Accounting Committee		4
Chun-Chieh Huang		President, SinoPac Securities Venture Capital Corporation, Vice President, Sercomm Corporation President, Director, Taiwan Venture Capital Association		0
Hsi-Peng Lu		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 (accounting or finance expertise)	1. The two years before the election and the term of office meet the independence requirements of Article 3 of the "Measures for the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed". 2. Signed a declaration of independence of independent directors at the time of appointment.	3
Di-Shi Huang		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	Same content as Hsi-Peng Lu	0
Yie-Yun Chang		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	Same content as Hsi-Peng Lu	2
Jin-Li Hu		Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management (accounting or finance expertise)	Same content as Hsi-Peng Lu	1

Note 1: For the academic experience of each director of YFY, please refer to Item (1) of Chapter 2 - Information on directors and independent directors. None of the directors of YFY has any of the circumstances specified in Article 30 of Company Law.

Note 2: The independent directors of YFY have met the requirements for independence in Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed" during the two years before the election and during their tenure.

## **II . Diversity and independence of the board of directors:**

### **1. Diversity of the board of directors:**

#### **(1) Board Diversity Policy:**

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.

Members of the board of directors shall generally possess the knowledge, skills and accomplishments necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should possess the following capabilities:

1. Operational judgment ability.
2. Accounting and financial analysis skills.
3. Operation and management capabilities (including the operation and management of subsidiaries).
4. Crisis handling ability.
5. Industrial knowledge.
6. The international market outlook.
7. Leadership.
8. Decision-making ability.
9. Risk management knowledge and ability.

#### **(2) Implementation of Board Diversity Policy:**

This includes adopting a candidate nomination system and complying with YFY's Director Election Rules and Code of Corporate Governance to ensure the diversity and independence of board members.

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, David LO, 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 YFY. 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. YFY 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).

Title	Name	Basic Background Information			Professional Background			Professional Competence						
		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	√	√		√	√	√	√	√	√	√
Director	David Lo	M	Y	50~60	√	√		√	√	√	√	√	√	√
Director	Kirk Hwang	M	Y	>70	√	√		√	√	√	√	√	√	√
Director	Chin-San Wang	M	N	>70			√	√	√			√		√
Director	Chun-Chieh Huang	M	N	50~60	√	√		√	√	√		√	√	√
Independent Director	Hsi-Peng Lu	M	N	50~60		√		√		√	√	√	√	√
Independent Director	Di-Shi Huang	M	N	60~70		√		√		√	√	√		√
Independent Director	Yie-Yun Chang	F	N	50~60		√		√		√	√	√		√
Independent Director	Jin-Li Hu	M	N	50~60		√		√		√	√	√	√	√

## 2. Independence of the board of directors:

The 28th board of directors of YFY consists of 9 directors, including 4 independent directors, accounting for 44% of all directors. None of the directors of YFY has a spouse or relative within the second degree of kinship as stipulated in Item 3, Article 26-3 of the Securities and Exchange Act. None of YFY's independent directors, their spouses, or relatives within the second degree of kinship serve as directors, supervisors, or employees of YFY, affiliated companies, or companies that have a specific relationship with YFY, and do not hold company shares. None has not provided business, legal, financial, accounting and other services to YFY or related companies in the past two years.

# 1. Major Direct and Indirect Institutional Shareholders

## (1). Major Direct Institutional Shareholders

December 31, 2022

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. (9.93%), 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, 2022

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, 2022

Title	Nationality or place of registration	Name	Gender	Date elected	Shares held Shares		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	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
President (Appointed on 2022/02/07)	ROC	David Lo	Male	2022/02/07	0	0	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 1	N/A	N/A	N/A	
President (Resigned on 2022/02/07)	ROC	Wille Tsai	Male	2019/02/19	0	0	0	0	0	0	Master of Finance, University of Iowa	N/A	N/A	N/A	N/A	
CSO (Resigned on 2022/02/06)	ROC	Hsianmin Chen	Male	2016/09/01	0	0	0	0	0	0	J.D., Syracuse University	N/A	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	
Carbontech & Management Group Leader	ROC	Huey-Ching Yeh	Male	2022/12/01	0	0	0	0	0	0	Master of Economics, National Chengchi University	Chairman, San Ying Enterprise Co., Ltd. Chairman, EFFION Enertech Co., Ltd. Chairman, Ensilience Co., Ltd.	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, YFY Packaging Inc. Director, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	
VP, Center of Corporate Finance (Retired on 2022/10/12)	ROC	K. T. Yin	Male	2007/05/01	0	0	0	0	0	0	MBA, National Cheng Kung University	N/A	N/A	N/A	N/A	
VP, Human Resources Department	ROC	Jeff Huang	Male	2021/08/02	40,000	0.00	35,000	0.00	0	0	Master of Labor Research Institute, National Chengchi University	Director, YFY Corporate Advisory & Services Co., Ltd. Director, Hwa Fong Paper (Hong Kong) Co., Ltd.	N/A	N/A	N/A	
VP, Finance Control Center	ROC	Vincent Min	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Taiwan University	Note 3	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender	Date elected	Shares held Shares		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 other companies	Manager who is a spouse or relative within second degree of kinship			Note
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding 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, 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 Kun	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	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	Director & President, Ensilience Co., Ltd.	N/A	N/A	N/A	
AVP, Treasury Management Department	ROC	Allen Chen	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Chengchi University	Director, YFY (Shanghai) Supply Chain Services Co., Ltd. Supervisor, YFY Packaging (Yangzhou) Investment Co., Ltd.	N/A	N/A	N/A	
Chief Information Security Officer	ROC	York Kuo	Male	2022/11/11	0	0	0	0	0	0	Master of Information Management, National Yunlin University of Science & Technology	President, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	
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 Packaging 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, Taiwan Stock Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Supervisor, Ensilience Co., Ltd.

Note 2

Chairman, Chung Hwa Pulp Corp.; Director, Guangdong Dingfung Pulp & Paper Co., Ltd.; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, Sustainable Carbohydrate Innovation; Director, CHP International (BVI) Corporation; Director, Global Views Educational Foundation; Chairman, Taiwan Paper Industry Association; Director, Center for Corporate Sustainability; Executive Director, Taiwan Carbon Capture Storage and Utilization Association; Director, Taiwan-US Carbon Capture, Reuse and Storage Industry Promotion Alliance; President, Taiwan Technical Textiles Association

Note 3

Director & President, YFY Paradigm Investment Co., Ltd; Supervisor, LiVEBRiCKS Inc.; Supervisor, YFY Biotech Management Co., Ltd.; Supervisor, China Color Printing Co., Ltd.; Supervisor, YFY Japan Co., Ltd.; Director, YEON Technologies Co., Ltd.; Supervisor, Effion Eneritech Co., Ltd.; Supervisor, Arizon RFID Technology Co., Ltd.; Director, Locus Publishing Co., Ltd.; Director, Guangyuan Investment Co., Ltd.; Director, Global Investment Holding; Supervisor, Shin Taiwan Kubota Co., Ltd.; Director, China Investment and Development Co., Ltd.; Director, Universal Venture Capital Investment Corp.

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, China Investment and Development Co., Ltd.; Supervisor, Sustainable Carbohydrate Innovation Co., Ltd. Ltd.

Note 5

Director, China Color Printing Co., Ltd.; Supervisor, YFY Corporate Advisory & Services Co., Ltd.; Supervisor, Guangdong Dingfung Pulp & Paper 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) Supply Chain Services 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, 2022 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 (%)		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	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			
Chairman	Yuen Foong Paper Co., Ltd. Representative : Jean Liu	0	0	0	0	14,000	14,000	408	1,141	14,408 0.664%	15,141 0.698%	45,953	55,464	108	108	10	0	10	0	60,479 2.788%	70,723 3.260%	N/A
Director	Yuen Foong Paper Co., Ltd. Representative : Kirk Hwang																					
Director	Yuen Foong Paper Co., Ltd. Representative : David Lo																					
Director	Yuen Foong Paper Co., Ltd. Representative : Willie Tsai																					
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chin-San Wang																					
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chun-Chieh Huang																					
Shin-Yi Enterprise Co., Ltd.																						
Yuen Foong Paper Co., Ltd.																						
Independent Director	Hsi-Peng Lu	0	0	0	0	8,000	8,000	288	288	8,288 0.382%	8,288 0.382%	0	0	0	0	0	0	0	0	8,288 0.382%	8,288 0.382%	N/A
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\$1,632 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	Jean Liu Kirk Hwang David Lo Willie Tsai Chin-San Wang Chun-Chieh Huang	Jean Liu Kirk Hwang David Lo Willie Tsai Chin-San Wang Chun-Chieh Huang	Less than NT\$1,000,000	Chin-San Wang Chun-Chieh Huang	Chin-San Wang Chun-Chieh Huang
NT\$1,000,000 (incl.) ~ NT\$2,000,000			NT\$1,000,000 (incl.) ~ NT\$2,000,000		
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Hsi-Peng Lu Yie-Yun Chang Jin-li Hu Di-Shi Huang	Hsi-Peng Lu Yie-Yun Chang Jin-li Hu Di-Shi Huang	NT\$2,000,000 (incl.) ~ NT\$3,500,000	Willie Tsai Hsi-Peng Lu Yie-Yun Chang Jin-li Hu Di-Shi Huang	Willie Tsai Hsi-Peng Lu Yie-Yun Chang Jin-li Hu Di-Shi Huang
NT\$3,500,000 (incl.) ~ NT\$5,000,000	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	NT\$3,500,000 (incl.) ~ NT\$5,000,000	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.
NT\$5,000,000 (incl.) ~ NT\$10,000,000	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd	NT\$5,000,000 (incl.) ~ NT\$10,000,000	Kirk Hwang Yuen Foong Paper 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		
NT\$15,000,000 (incl.) ~ NT\$30,000,000			NT\$15,000,000 (incl.) ~ NT\$30,000,000	Jean Liu David Lo	Jean Liu Kirk Hwang David Lo
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	12	12	Total	12	12

(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 compani es in the financial statemen ts	
								Amount in cash	Amount in stocks	Amount in cash	Amount in stocks			
President (Appointed on 2022/02/07)	David Lo	25,532	26,491	976	1,115	17,951	18,804	50	0	50	0	44,509 2.052%	46,460 2.142%	N/A
President (Resigned on 2022/02/07)	Willie Tsai													
CSO (Resigned on 2022/02/06)	Hsianmin Chen													
Carbontech & Management Group Leader	Huey-Ching Yeh													
COO	Cheng-Hsien Chu													
VP, Center of Corporate Finance (Retired on 2022/10/12)	K. T. Yin													
VP, Human Resources Department	Jeff Huang													
VP, Finance Control Center	Vincent Min													

Note1: Including car rental expenses of NT\$600 thousand.

Note2: The Board of Directors approved the proposed distribution of employee compensation of NT\$2,403 thousand (all in cash) for 2022, 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	Hsianmin Chen Huey-Ching Yeh Vincent Min	Hsianmin Chen Huey-Ching Yeh
NT\$1,000,000 (incl.) ~ NT\$2,000,000		Vincent Min
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Willie Tsai	Willie Tsai
NT\$3,500,000 (incl.) ~ NT\$5,000,000		
NT\$5,000,000 (incl.) ~ NT\$10,000,000	Cheng-Hsien Chu K. T. Yin Jeff Huang	Cheng-Hsien Chu K. T. Yin Jeff Huang
NT\$10,000,000 (incl.) ~ NT\$15,000,000		
NT\$15,000,000 (incl.) ~ NT\$30,000,000	David Lo	David Lo
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	8	8

**(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	David Lo	0	100	100	0.005%
	CTO	Kirk Hwang				
	Carbontech & Management Group Leader	Huey-Ching Yeh				
	COO	Cheng-Hsien Chu				
	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				
	AVP, Treasury Management Department	Allen Chen				
	Chief Information Security Officer	York Kuo				
	Manager, Auditing Department	Irene Cheng				

Note: The Board of Directors approved the proposed distribution of employee compensation of NT\$2,403 thousand (all in cash) for the year 2022, 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					
	2022		2021		Differences	
	YFY	All companies in the financial statements	YFY	All companies in the financial statements	YFY	All companies in the financial statements
Director	2.788%	3.260%	1.28%	1.65%	1.508%	1.610%
Independent Director	0.382%	0.382%	0.145%	0.145%	0.237%	0.237%
President and VPs	2.052%	2.142%	0.81%	0.87%	1.242%	1.272%

**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. The results of the performance evaluation conducted by the Company in accordance with the "Performance Management Regulations" are be used as a reference for bonus payments. The performance appraisal items are divided into performance indicators and core competencies, and the indicators are set according to the company's operation strategies, unit strategy focus and job responsibilities, including financial and non-financial indicators.

## IV. Corporate Governance Practice

### (I) Board of Directors operating status

A total of 6 meetings of the 28th Board of Directors were held in 2022. Directors' attendances was described as below:

Title	Name	Attendance in person	Attendance by proxy Time(s)	Attendance in person rate (%)	Notes
Chairman	Yuen Foong Paper Co., Ltd. Representative: Jean Liu	6	0	100%	28 <sup>th</sup>
Director	Yuen Foong Paper Co., Ltd. Representative: Willie Tsai	1	0	100%	28 <sup>th</sup> ( David Lo was reassigned on Feb 7,2022 )
Director	Yuen Foong Paper Co., Ltd. Representative: David Lo	5	0	100%	28 <sup>th</sup> (took over on Feb 7,2022)
Director	Yuen Foong Paper Co., Ltd. Representative: Kirk Hwang	6	0	100%	28 <sup>th</sup>
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	5	1	83%	28 <sup>th</sup>
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang	6	0	100%	28 <sup>th</sup>
Independent Director	Hsi-Peng Lu	6	0	100%	28 <sup>th</sup>
Independent Director	Di-Shi Huang	6	0	100%	28 <sup>th</sup>
Independent Director	Yie-Yun Chang	6	0	100%	28 <sup>th</sup>
Independent Director	Jin-li Hu	6	0	100%	28 <sup>th</sup>

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 March 15, 2022, the Board discussed the remuneration for directors and the distribution method. A conflict of interest existed for independent directors Jean Liu, Kirk Hwang, Chin-San Wang, and Chun-Chieh Huang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(II) In the Board meeting held on March 15, 2022, the Board discussed the remuneration for independent directors and the distribution method. 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.

(III) In the Board meeting held on May 17, 2022, the Board discussed on appointing members of the 1st "ESG Committee" of the Company. A conflict of interest existed for directors, Jean Liu, Kirk Hwang, David Lo, 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 September 27, 2022, the Board discussed on appointment of the spokesperson of the Company. A conflict of interest existed for director David Lo on this matter; therefore, he recused himself 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 2022 through "Taiwan Investor Relations Institute" to be dealt with by means of external evaluation	From November 1, 2021 to October 31, 2022	The scope of the performance included the board, the Audit Committee, and Remuneration Committee	The external rating agency requires the company to provide the documents specified by it, and distributes self-assessment questionnaires related to performance evaluation to all directors to fill in and return, and assigns 3 executive members to be responsible for the evaluation after issuing a declaration of independence to conduct online interviews with the company's chairman and independent directors, corporate governance officer, and audit supervisor conducted interviews and evaluations on November 15, 2022.	<p>The criteria for evaluating the performance of the Company's Board of Directors shall cover the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Understanding and recommendations for the operation of the company;</li> <li>2. Improvement of the quality of the Board of Directors' decision making;</li> <li>3. Composition and structure of the Board of Directors;</li> <li>4. Election and continuing education of the directors;</li> <li>5. Internal control.</li> </ol> <p>The criteria for evaluating the performance of the functional committees shall cover the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Understanding and recommendations for the operation of the company;</li> <li>2. Awareness of the duties of the functional committee;</li> <li>3. Improvement of the quality of the functional committee's decision making;</li> <li>4. Functional committee composition and election of members;</li> <li>5. Internal control.</li> </ol>	<p>The external evaluation agency issued an evaluation report on November 18, 2022, and compiled the evaluation conclusions and recommendations for the company as follows:</p> <ol style="list-style-type: none"> <li>1. Sustainable Development Committee may convene meetings twice a year.</li> <li>2. The Company may publish English version of Sustainability Report.</li> <li>3. Make Succession Planning for Board Members and Key Management Personnel.</li> <li>4. May adopt appropriate risk management policies and procedures, and the procedure has been approved by the company board of directors.</li> <li>5. May adopt Intellectual Property Management Policies linking business goals.</li> <li>6. The Company may examine the independence and capability of Certified Public Accountants to refer to "Audit Quality Indicators; AQI."</li> </ol>

The aforementioned performance evaluation results were reported to the meeting of the Board of Directors convened on March 15, 2023 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 2022, the 3rd Audit Committee has held 5 times. The key focuses of the year were as below:

### **1. Review financial reports**

The Board of Directors has issued a report on the Company's operations for the year 2021, 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. Appointment of CPAs and Evaluate the independence and competence of CPAs**

The Company's Audit Committee appointment of CPAs Hui-Ming Huang, and Chih-Ming Shao, and evaluated that the CPAs Hui-Ming Huang, Chih-Ming Shao, 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 "Asset Acquisition and Disposal Procedures" and "Procedures for Transactions with Related Parties"**

The company intends to revise some of the provisions of the company's "Asset Acquisition and Disposal Procedures" and "Procedures for Transactions with Related Parties" in accordance with the content of the "The Regulations Governing the Acquisition and Disposal of Assets by Public 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. Release of shares implemented for related operations for the stock listing of the subsidiary Arizon RFID Technology (Cayman) Co., Ltd.**

In response to related operations for the stock listing in TWSE of the subsidiary Arizon RFID Technology (Cayman) Co., Ltd., the parent company YFY Global Investment B.V. plans to release of shares implemented. The proposal was reviewed and passed by the Company's Audit Committee.

Independent directors' attendance to the Audit Committee meetings in 2022 was described as below:

Title	Name	Attendance in person	Attendance by proxy	Attendance in person rate (%)	Notes
Independent Director	Hsi-Peng Lu	5	0	100%	3 <sup>rd</sup> term
Independent Director	Di-Shi Huang	5	0	100%	3 <sup>rd</sup> term
Independent Director	Yie-Yun Chang	5	0	100%	3 <sup>rd</sup> term
Independent Director	Jin-li Hu	5	0	100%	3 <sup>rd</sup> term

Other statutory information:

- 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
2022.03.11	4th meeting of the 3rd Audit Committee	The Company's 2021 consolidated financial statements, CPA's audit report and 2021 business report.	N/A	Passed as proposed.	Approved in the Board meeting on March 15, 2022 and ratified in the 2022 shareholders' meeting
2022.03.11	4th meeting of the 3rd Audit Committee	The Company's 2021 earnings distribution proposal	N/A	Passed as proposed.	Approved in the Board meeting on March 15, 2022 and ratified in the 2022 shareholders' meeting
2022.03.11	4th meeting of the 3rd Audit Committee	Proposal to issue the Company's 2021 Statement of Internal Control System	N/A	Passed as proposed.	Approved in the Board meeting on March 15, 2022
2022.03.11	4th meeting of the 3rd Audit Committee	Revised some provisions of the company's "Asset Acquisition and Disposal Procedures" and "Procedures for Transactions with Related Parties"	N/A	Passed as proposed.	Approved in the Board meeting on March 15, 2022
2022.08.10	4th meeting of the 3rd Audit Committee	Release of shares implemented for related operations for the stock listing of the subsidiary Arizon RFID Technology (Cayman) Co., Ltd.	N/A	Passed as proposed.	Approved in the Board meeting on August 12, 2022
2022.09.27	7th (interim) meeting of the 3rd Audit Committee	Appointment Allen Chen assistant VP as financial officer of the Company	N/A	Passed as proposed.	Approved in the Board meeting on September 27, 2022
2022.11.09	8nd meeting of the 3rd Audit Committee	YFY's 2022 audit plan	N/A	Passed as proposed.	Approved in the Board meeting on November 11, 2022
2021.11.09	8nd meeting of the 3rd Audit Committee	Appointment of CPAs Hui-Ming Huang, and Chih-Ming Shao as the CPA of the Company	N/A	Passed as proposed.	Approved in the Board meeting on November 11, 2022
2022.11.09	8nd meeting of the 3rd Audit Committee	Assessing the independence and suitability of the CPA	N/A	Passed as proposed.	Report in the Board meeting on November 11, 2022

- 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.

- 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

\_(1) Communications between the Independent Directors and Internal Auditors :

Date	Communication Method	Key Points of Communication	Communication summary and results
2022-03-11	Audit Committee	1. Audit Report Progress Report for Q4 2021. 2. 2021 Statement of Internal Control System.	1. Noted and agreed. 2. Approved after deliberation.
2022-05-11	Audit Committee	Audit Report Progress Report for Q1 2022.	Noted and agreed.
2022-08-10	Closed Door Session	1. 2023 internal audit plan. 2. Internal auditors detail the changes in the statute.	1. Independent Director Hsi Peng Lu suggested strengthening internal audit control on Occupational Safety and information security. Operation Enhancement: adjusted the audit procedure according to suggestion. 2. Noted and agreed.
2022-08-10	Audit Committee	Audit Report Progress Report for Q2 2022.	Noted and agreed.
2022-11-09	Audit Committee	1. Audit Report Progress Report for Q3 2022. 2. 2023 internal audit plan.	1. Noted and agreed. 2. Approved after deliberation.
2023-03-13	Audit Committee	1. Audit Report Progress Report for Q4 2022. 2. 2022 Statement of Internal Control System.	1. Noted and agreed. 2. Approved after deliberation.

(2) Communications between the Independent Directors and Independent Auditors :

Date	Communication Method	Key Points of Communication	Communication summary and results
2022-03-11	Audit Committee	1. Independent auditors detail audit status of 2021 annual financial report, and discuss and communicate financial situation and operational results. 2. Independent auditors detail and discuss key leg.	1. Approved after discussing status of audit. 2. Noted and agreed.
2022-08-10	Closed Door Session	1. Discuss key audit items scheduled for annual audit. 2. Discuss the annual audit plan. 3. Independent auditors explain major legal changes.	1. Noted and agreed. 2. Noted and agreed. 3. Noted and agreed.
2022-08-10	Audit Committee	Independent auditors detail audit status of Q2 2022 financial report, and discuss and communicate financial situation and operational results.	Approved after inquiries into status of audit.
2023-03-13	Audit Committee	1. Independent auditors detail audit status of 2022 annual financial report, and discuss and communicate financial situation and operational results. 2. Independent auditors detail and discuss key leg.	1. Approved after discussing status of audit. 2. Noted and agreed.

### (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 "Corporate Governance Best Practice Principles", 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		The Company has established the "Procedures for Prevention of insider trading" & "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		<p>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.</p> <p>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, David Lo, 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).</p>	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		In addition to setting up the Remuneration Committee and the Audit Committee, the company also sets up functional committees such as the Sustainable Development Committee.	Compliant																																				
(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 completed the performance evaluation of the board and functional committees in 2022 through “Taiwan Investor Relations Institute” to be dealt with by means of external evaluation. The external evaluation agency issued an evaluation report on November 18, 2022, and compiled the evaluation conclusions and suggestions for the company to use as a reference for subsequent research and development of relevant improvement measures. The company has reported the performance evaluation results to the meeting of the Board of Directors on March 15, 2023.	Compliant																																				
(IV) Does the Company periodically evaluate independence of the CPA?	V		<p>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.</p> <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 relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)</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 relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)	Yes	V	Compliant
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 relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)	Yes	V																																					

Evaluation item	Practice					Compliance with Best Practice Principles and reasons for any discrepancies		
	Yes	No	Summary					
			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		
			Evaluation indicator 3: AQIs					
			Item No.	Evaluation item	Evaluation results	Fulfillment of competence criteria		
			1	Has YFY ensured that the CPA whether the experience and training hours are sufficient?	Yes	V		
			2	Has the CPA spent the number of hours by certified accountants on financial report review is comparable to that of their peers?	Yes	V		



Evaluation item	Practice						Compliance with Best Practice Principles and reasons for any discrepancies	
	Yes	No	Summary					
			3	Does the evaluation result of the case quality control review (EQCR) accountant in the past 2 years in compliance with the regulations?	Yes	V		
			4	Is the quality control personnel of the accounting firm capable of supporting the same industry level?	Yes	V		
			5	Does the accounting firm have any plans related to innovation and improvement of audit quality?	Yes	V		
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)?	V		<p>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.</p> <p>The implementation of corporate governance affairs in 2022 is as follows:</p> <ol style="list-style-type: none"><li>1. Convened one annual general meeting of shareholders and produced meeting minutes of the shareholders' meeting.</li><li>2. Convened 6 meetings and special meetings of the Board of Directors in 2022 and produced meeting minutes of the Board meetings.</li><li>3. Convened 5 meetings of the Audit Committee in 2022 and produced meeting minutes of the Audit Committee meetings.</li><li>4. Issued letters to the directors of YFY in January and July 2022 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.</li><li>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.</li><li>6. Regularly provided information on material information reporting procedures and regulations to all departments of YFY.</li><li>7. Cooperated with the Human Resources Department in inviting external lecturers for the continuing education for directors and supervisors of YFY and subsidiaries.</li><li>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.</li></ol> <p>The Corporate Governance Officer participated in a total of 18 hours of courses in 2022, and continued to study to strengthen his professional skills.</p>					Compliant
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		<p>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.</p>					Compliant

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
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 reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?		V	The Company uploads financial report in accordance with the deadline specified in regulations and has not published financial report ahead of schedule.	Changes are made gradually
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	V		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.  When the Company organized ethical corporate management training, the external lecturers or the employees of the Legal Department inform employees of the regulations prohibiting insider trading.	Compliant

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
evaluation standards, implementation of customer policies, the purchase of liability insurance for directors and supervisors, etc.)?				
<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 1.9: Does the company upload the English version of the meeting notice synchronously 30 days before the regular meeting of shareholders?  The company forms a preparatory group before the regular shareholders' meeting, holds a preparatory meeting, and ensures that the English version of the meeting notice is uploaded synchronously 30 days before the regular shareholders' meeting.</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?  The company stipulated in the "Corporate Governance Code" that there is a policy of diversification of board members, and will reveal the specific management objectives of the diversity policy (for important items of diversity, such as gender or expertise, a certain number of seats or ratio of directors must have background or expertise), and at the same time disclose the implementation of the diversity policy on the website and annual report of the company.</p> <p>Index 2.14: Has the company established a non-statutory functional committee, the number of which is not less than three, more than half of the members are independent directors, and more than one member has the professional ability required by the committee, and its composition, responsibilities and operation have been disclosed?  The company established the functional committee of the first sustainable development committee on May 13, 2022, consisting of 3 directors and 4 independent directors, with the chairman as the convener, with a total of 7 seats to formulate the company's sustainable development Develop policies and supervise the promotion of the company's ESG work. The Sustainable Development Committee has a working group, which holds regular monthly meetings to report on work progress. In 2022, the committee has held two meetings.</p>				

Director/Supervisor continuing education in 2022:

Title Name	Title Name	Duration		Organizer	Course	Hours
		Start date	End date			
Representative of Institutional Director	Jean Liu	2022/05/20	2022/05/20	Securities & Futures Institute	111 Annual Insider Trading Prevention Promotion Conference	3
		2022/05/30	2022/05/30	Chinese National Association of Industry and Commerce, Taiwan	The Influence of Commercial Event Trial Law and Expert Witness System on Directors and Supervisors	3
		2022/08/23	2022/08/23	Taiwan Corporate Governance Association	Analysis and decision-making application of corporate financial information	3
		2022/08/30	2022/08/30	Taiwan Corporate Governance Association	On the Evaluation and Execution of Investment Mergers and Acquisitions from a Legal Viewpoint	3
		2022/12/06	2022/12/06	Taiwan Corporate Governance Association	The net-zero path and development direction of carbon capture and hydrogen energy	3
		2022/12/12	2022/12/12	Taiwan Corporate Governance Association	Sustainable energy practice of agricultural and forestry waste gasification power generation combined with microgrid system	3
Representative of Institutional Director	David Lo	2022/02/17	2022/02/17	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (No. 21) - Information Security Strategic Thinking and Practice	3
		2022/03/11	2022/03/11	Taiwan Corporate Governance Association	Shareholder meeting and equity management	3
		2022/05/12	2022/05/12	Taiwan Corporate Governance Association	The Last Piece of the Sustainability Puzzle - Opportunities and Tools for Impact Investing	3
		2022/06/28	2022/06/28	Taiwan Academy of Banking and Finance	Corporate Governance Lecture—Responsibilities of Directors and Supervisors: Starting from Business Secrets	3
Representative of Institutional Director	Kirk Hwang	2022/02/10	2022/02/10	Taiwan Institute for Sustainable Energy	The 27th CEO lecture and special speech	2
		2022/04/28	2022/04/28	Taiwan Institute for Sustainable Energy	The 28th TCCS Council Meeting and CEO Lecture	2
		2022/11/03	2022/11/03	Taiwan Corporate Governance Association	Offensive and defensive strategies of non-consensual mergers and acquisitions and the responsibility of company leaders	3
		2022/12/06	2022/12/06	Taiwan Corporate Governance Association	The net-zero path and development direction of carbon capture and hydrogen energy	3
		2022/12/12	2022/12/12	Taiwan Corporate Governance Association	Sustainable energy practice of agricultural and forestry waste gasification power generation combined with microgrid system	3
Representative of Institutional Director	Chin-San Wang	2022/05/04	2022/05/04	Accounting Research and Development Foundation	ESG and TCFD Practice Analysis of Construction Industry	3
		2022/09/28	2022/09/28	Taiwan Institute for Sustainable Energy	Corporate net zero sustainable planning and outlook (water resources, carbon rights, energy)	6
Representative of Institutional Director	Chun-Chieh Huang	2022/06/14	2022/06/14	Taiwan Corporate Governance Association	How the audit committee implements financial report review	3
		2022/11/18	2022/11/18	Taiwan Corporate Governance Association	Discussion on the Key Issues of Merger and Acquisition Integration in the Process of Enterprise Merger and Acquisition	3
		2022/12/06	2022/12/06	Taiwan Corporate Governance Association	The net-zero path and development direction of carbon capture and hydrogen energy	3
Independent Director	Hsi-Peng Lu	2022/03/22	2022/03/22	Taiwan Corporate Governance Association	Basic Concepts and Applications of Metaverse, NFT, Web 3.0 and Community	3
		2022/08/09	2022/08/09	Taiwan Investor Relations Institute	Accelerators for Corporate Sustainability - CSR, ESG and SDGs	3
Independent Director	Di-Shi Huang	2022/09/02	2022/09/02	Taiwan Corporate Governance Association	Establishment and use of audit committee	3
		2022/11/08	2022/11/08	Taiwan Corporate Governance Association	A New Height of Corporate Governance—Establishing an Integrity Management Enterprise	3
Independent Director	Yie-Yun Chang	2022/04/26	2022/04/26	Taiwan Corporate Governance Association	Labor Dispute Prevention and Corporate Governance	3
		2022/06/28	2022/06/28	Taiwan Corporate Governance Association	Quickly interpret and prepare for ESG disclosure requirements of corporate governance 3.0	3

Title Name	Title Name	Duration		Organizer	Course	Hours
		Start date	End date			
Independent Director	Jin-Li Hu	2022/04/21	2022/04/21	Independent Director Association Taiwan	1. Net-zero carbon emissions and corporate governance 2. The Promotion and Future Prospects of Taiwan's Sustainability Classification Standard	3
		2022/06/08	2022/06/08	Chinese National Association of Industry and Commerce, Taiwan	Process Organization x Internet of Things x Metaverse, How Enterprises Can Meet Digital Business Opportunities	3
		2022/10/07	2022/10/07	Taiwan Stock Exchange/ Taipei Exchange	Release of reference guidelines for independent directors and audit committees to exercise their powers and directors and supervisors promotion meeting	3
		2022/12/06	2022/12/06	Taiwan Corporate Governance Association	The net-zero path and development direction of carbon capture and hydrogen energy	3
		2022/12/12	2022/12/12	Taiwan Corporate Governance Association	Sustainable energy practice of agricultural and forestry waste gasification power generation combined with microgrid system	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, 2022

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 3 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	3	0	100%	
Committee Member	Di-Shi Huang	3	0	100%	
Committee Member	Yie-Yun Chang	3	0	100%	
Committee Member	Jin-li Hu	3	0	100%	

Remuneration Committee	Agenda item and follow-up	Results of resolution	Actions taken by the Company in response to the opinion of the Remuneration Committee
5 <sup>th</sup> term Committee 4 <sup>rd</sup> Meeting 2022/1/20	<ol style="list-style-type: none"> <li>1. Reviewed 2021 year-end bonus proposal for executive managers</li> <li>2. Reviewed the remuneration proposal of the new manager of YFY Inc.</li> </ol>	Approved by all committee members as proposed.	The Board of Directors approved the new recruitment.
5 <sup>th</sup> term Committee 5 <sup>rd</sup> Meeting 2022/3/11	<ol style="list-style-type: none"> <li>1. Reviewed the proposal of employee remuneration in 2021</li> <li>2. Reviewed the proposal of director remuneration in 2021</li> </ol>	Approved by all committee members as proposed.	The Board of Directors approved the employee and director remuneration proposals in 2021 and reported to the shareholders' meeting.
5 <sup>th</sup> term Committee 6 <sup>rd</sup> Meeting 2022/9/27	Reviewed the remuneration proposal of the manager of YFY Inc.	Approved by all committee members as proposed.	The Board of Directors approved.

### 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.
2. 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 corporate sustainability. “Sustainability &amp; Social Responsibility” unit was established under the Corporate Affairs Department since April 2013. The unit was renamed “CSR Office” and was separated from Corporate Affairs as an independent function in August 2020. The Office changed its name to “ESG Office” in February 2022 and reports directly to the Chairman, responsible for driving sustainability and ESG projects across the Group.</p> <p>YFY has established a cross-business group Sustainable Development Committee in September 2021. Six major task force units under the Committee include Corporate Governance, Environment Sustainability, Employee Relations, Responsible Supply Chain, Social Engagement and Information Security. The management of YFY Inc. serves as the team leader, coordinating the implementation of the members of the functional departments corresponding to the business groups, and promoting them together with the corresponding leaders of each business group. The Company took further steps by elevating the supervision role to the board level and, in May 2022, the Board has officially approved the establishment of Sustainable Development Committee other than the statutory functional committee of the Board. The Chairman of YFY Inc. is the Head of the Committee, while two directors and four independent directors serve as Committee members and ESG Office serves as the secretariat. The major task force units convene work meeting every month and report to the Board at least twice a year.</p> <p>The report date of the first session of the Sustainable Development Committee and the key issues supervised by the Board in 2022 :</p> <p><u>November 9, 2022</u></p> <ul style="list-style-type: none"> <li>· Improvement focus and action plan outlined by the major task force units.</li> <li>· Plan and execute greenhouse gas accounting.</li> <li>· Implement DJSI Corporate Sustainability Assessment.</li> </ul> <p><u>December 28, 2022</u></p> <ul style="list-style-type: none"> <li>· Introduce and implement TCFD and SASB frameworks.</li> <li>· Plan and execute carbon disclosure management platform.</li> <li>· Implement supply chain ESG training.</li> </ul>	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, 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. Based on the level of significance and relevance of sustainability factors, the coverage of ESG boundaries includes Forest, Pulp &amp; Paper Group, Containerboard and Packaging Group, and Consumer Products Group.</p> <p>The factories of the three business groups define management policies regarding climate-related risks and opportunities, such as energy-saving and carbon reduction, renewable energy, water resource management, occupational health and safety, regulatory compliance. For more details please refer to YFY Sustainability Report</p>	Compliant
<p>III. Environmental issue</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 14064-1 Accounting and Reporting of Greenhouse Gas Emissions. For more details regarding the list of certifications and its expiration date, please refer to YFY Sustainability Report.</p>	Compliant
<p>(2) Is the Company committed to increasing energy efficiency and using renewable materials with low environmental impact?</p>	V		<p>The Company is committed to improving energy efficiency and promoting the top 10 energy-saving plans in each factory. Progress is tracked monthly, and the planned projects include: replacing large motors with smaller ones for individual equipment, energy-saving pumps, energy-saving compressed air systems, energy-saving pulping machine systems, and management of power purchase contract capacity and demand bidding.</p>	Compliant



Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			<p>We promote Six Sigma management, improving 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>The use of recycled materials is a natural outcome of YFY's circular economy endeavors. Process waste is reproduced into agricultural fertilizers, is converted into energy (such as biogas power, lignin power, and SRF cogeneration), or is transformed into environmentally friendly building materials.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>	
(3) Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?	√		<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 plan to increase energy efficiency, reduce carbon and greenhouse gas emissions, and water use?</p>	√		<p>The Company regularly tracks and monitors the energy and power consumption, greenhouse gas emissions, water consumption, and total waste in the production areas. For detailed data please refer to the "Environmental Protection Expenditures" Section of this report, corporate website and YFY Sustainability Report. Data boundary covers three business groups: Forest, Pulp &amp; Paper Group, Containerboard and Packaging Group, and Consumer Products Group.</p> <p>(1) Greenhouse gas accounting and reduction: Accounting: 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. The total carbon emissions in Taiwan region decreased by 10% in 2022 compared to 2021.</p> <p>(2) Water Use: 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. 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. According to the data reported by YFY in Taiwan region to the Water Resources Agency, Ministry of Economic Affairs on an annual basis, reuse rate of process water is up to 97%.</p> <p>(3) Waste 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 products (recycled paper, fertilizers), material and energy (biogas power, lignin, SRF etc), or sustainable building materials. For details please refer to YFY Sustainability Report.</p>	Compliant
<p>IV. Social issues</p> <p>(1) Does the Company comply with relevant international laws and regulations on human rights, and have related management policies and procedures in place?</p>	√		<p>The Company supports the United Nations Global Compact and complies with the goals set forth in the United Nations Universal Declaration of Human Rights and International Labour Organization conventions. We have established a human rights management policy, approved by the chairman, to protect the human rights of regular employees, contract and temporary employees, and interns, creating a dignified working environment. We also require ourselves, suppliers, and business partners to eliminate any behavior that violates or infringes upon human rights in their operational activities. The Company is committed to prohibiting human trafficking, forced labor, and child labor, respecting freedom of association and the right to collective bargaining, providing equal remuneration, and preventing any form of discrimination.</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) 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>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. Salary in line with market conditions  (1) The Company participates in compensation surveys in the industry or on the market and determines the salaries of employees based on their academic qualifications, work experiences, skills and positions etc.  (2) Salary does not vary 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 Association 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 has made a salary raise for all employees every year in the past three years (2020~2022), with a range of 2.5%~3%.  (2) When employees are promoted, their salaries are adjusted immediately to develop, incentivize and retain outstanding talents.</p> <p>4. Workplace Diversity and Equality  (1) Ratio by gender: 24% of women in total workforce, 18% of women in all management positions, 13% of women in management positions in revenue-generating functions, and 27% of women in STEM-related positions.  (2) Ratio by nationality: Taiwanese (R.O.C.), Chinese (Mainland China), Vietnamese, and Dutch account for 51.03%, 34.11%, 14.82%, and 0.04% of total workforce, respectively.</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. 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 Measures" 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 ISO45001 certifications.</p> <p>In 2022, a total of 36 incidents occurred in the main and 13 production bases of the three business groups in Taiwan:</p> <ul style="list-style-type: none"> <li>• Traffic incident: 7</li> <li>• Level 1 incident (false alarm): 5</li> <li>• Level 2 incident (seek medical treatment): 17</li> <li>• Level 3 incident (stay in hospital for observation): 5</li> <li>• Level 4 incident (hospitalization): 2</li> </ul> <p>A total of 7 disability cases occurred, accounting for about 0.15% of total workforce.</p> <p>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."</p>	Compliant
(4) Does the Company offer its employees effective occupational empowerment training programs?	V		<p>Professional training and career development programs are provided according to different job functions and positions. We also provide employees with diversified learning resources including management training, general education training, and new employee orientation. For more details please refer to the "Continuing Education and Training for Employees" Section of this 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	
(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		<p>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.</p> <p>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.</p> <p>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 Group has set up a "Personal Data Protection Management Organization" in response to the requirements of Personal Data Protection Act.</p>	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 established the "YFY Supplier Code of Conduct and Due Diligence Statement" to ensure that the supply chain of YFY adheres to relevant standards such as environment, health and safety, labor rights, business ethics, and sustainable procurement. We require suppliers to sign the code of conduct, and in 2022, a total of 535 suppliers completed the signing. From 2023 onwards, all new suppliers will be required to sign the code of conduct in order to qualify for cooperation. Meanwhile, we continue to source raw materials certified by FSC, pass the FSC-COC verification for production and sales control, and implement related regulations within the organization.	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 Sustainability Report in accordance with the GRI Standards since 2015. 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
<p>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:</p> <p>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 report, corporate website, and Sustainability Report.</p>				
<p>VII. Other key information useful for explaining status of corporate social responsibility practices:</p> <ol style="list-style-type: none"> <li>Renewable energy and carbon management: YFY is committed to developing the circular economy and renewable energy sources such as lignin, biogas power generation, and solid recovered fuel (SRF) power generation. We bring waste-to-energy technologies into cross-industry cooperation. Increasing the proportion of alternative fuels and reducing coal consumption serve as an important carbon reduction action, effectively reducing greenhouse gas emissions. In December 2022, we established the "Carbon Management Group" to strengthen the layout of renewable energy, energy storage, and carbon management. We are promoting 8 Six Sigma projects to improve production management quality and enhance energy efficiency.</li> <li>Introduction of TCFD and SASB: In accordance with the Financial Supervisory Commission's Corporate Governance 3.0 policy to strengthen the content and quality of ESG information disclosure, we disclose industry-specific ESG indicators based on the topics of SASB "Pulp &amp; Paper Products" industry, and identify climate risks and opportunities according to the TCFD recommendations.</li> </ol>				

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
3.			Green finance: The Company has issued syndicated green loans that are linked to ESG indicators such as circular economy and greenhouse gas.	
4.			Responsible supply chain: The Company has established a supplier code of conduct and held ESG carbon reduction training for over 100 suppliers. Recycled paper is used to promote resource recycling and reuse. FSC/PEFC certified wood chips and imported pulp are procured and used. For the amount of raw materials procured and used with FSC/PEFC certifications, please refer to the Sustainability Report.	
5.			Information Security: We have established a dedicated information security team, consisting of one Chief Security Officer, one information security supervisor, and two information security technicians. We have developed an "Information Security Policy" and implemented various "security risk prevention and management procedures" and "risk event handling procedures", continuously reviewing and adjusting these procedures. We have also established risk management regulations and standard operating procedures for all internal operations, which comply with international standards, domestic laws and foreign regulations.	
6.			Employee relations: We appointed one occupational safety and health (OSH) nurse and three OSH supervisors, exceeding legal requirements. The Company collaborated with the Dongshi Foundation to host Corporate Stress Relief Day, and jointly promoted the prevention and treatment of elderly depression. An epidemic prevention area was established on the corporate website to provide real-time epidemic prevention information to employees. An epidemic reporting system was also set up for employees to report in real-time and managed systematically by OSH personnel. A volunteer leave was added to encourage employees to participate in public welfare activities. The Company established the "Digital Cloud Library" for employees' learning and development. The employee education and training program was divided into two directions: "management and technical skills required for work" and "personal development unrelated to work," with over 75% of employees participating. The employee satisfaction survey is conducted every two years to ensure employee care and labor relations.	
7.			Social engagement: Every year, each of our factories has been investing in assisting underprivileged communities, environmental conservation, and social welfare. Our long-term social welfare project, "YFY Taitung Primary School," has entered its 8 <sup>th</sup> year, with a cumulative total of over 3,500 hours of accompanying reading.	
8.			Awards and recognition: In 2022, we were recognized with three major sustainability awards in the circular economy category, including the ESG Circular Sustainability Model Award from the Global Views Monthly, Taiwan Circular Economy Enterprise Award from the Chung-Hua Institution for Economic Research, and TCSA Leadership in Circular Economy Award from the Taiwan Institute for Sustainable Energy (TAISE). Other major awards from TAISE in three categories included the TCSA Report Gold Award, TCSA Taiwan Sustainable Business Excellence Award, and TCSA Leadership in Innovative Growth Award. In addition, the Consumer Products Group was recognized with the National Enterprise Environmental Protection Award from the Environmental Protection Administration (EPA), outstanding procurement awards from the Taichung and Taoyuan city governments, the Silver Award for Circular Group from the EPA's annual Taiwan Resource Recycling Excellent Enterprise Award, and the Green Procurement Award for private enterprises and groups from the EPA. In terms of workplace promotion, we have been awarded the CHR Badge of Committed Corporate Health Responsibility from the Common Health Magazine and the Badge of Accredited Healthy Workplace from the Health Promotion Administration. The Consumer Products Group has also won several awards, including the 2022 Best Asian Employer Award, the Happiness Creativity Award from the Taichung city government's Happy Workplace Evaluation, and the AED Safe Place certification from the Ministry of Health and Welfare and the local government.	

**(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 2022. The courses received 672 enrollments from YFY and YFY Corporate Advisory & Services Co. Ltd and delivered 786 hours of training.	Compliant
II.	Implementation of the Company's whistleblowing system				
(I)	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.	Reinforcing information disclosure				
(I)	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 2022

Topics of the Courses	Organizer	Date	Hours	Participate Managers
The Path to Net-Zero and Development Direction of Carbon Capture Utilization and Storage & Hydrogen Energy	Human Resources Department	2022.12.06	3	HC Yeh 、Daniel Chu 、Jeff Huang 、Jack Su 、Allen Chen 、Miles Chang 、Vincent Zhan 、Claudia Kung 、Doxon Wu 、York Kuo 、Vincent Min 、Yahui Huang 、Judy Wu 、Coco Chang and other key managers of investee companies
Sustainable Energy Practice of Agricultural and Forestry Waste Gasification Power Generation Integrated with the Microgrid System	Human Resources Department	2022.12.12	3	HC Yeh 、Daniel Chu 、Jeff Huang 、Jack Su 、Vincent Zhan 、Claudia Kung 、Doxon Wu 、Yahui Huang 、Judy Wu 、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, 2023

In 2022, 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, 2022 (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, 2023; 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 printed date of 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 printed date of this annual report:**

**1. Important resolutions of the 2022 annual shareholders' meeting (June 23, 2022) (summary)**

- (1) Approved the acknowledgment of YFY's 2021 financial statements.
- (2) Approved the acknowledgment of YFY's 2021 earnings distribution proposal.
- (3) Passed the proposal for the amendment for YFY's "Articles of Incorporation".
- (4) Passed the proposal for the amendment for YFY's "Rules of Procedure for Shareholders' Meeting".
- (5) Passed the proposal for the amendment for YFY's "Asset Acquisition and Disposal Procedures".
- (6) Passed the proposal for the amendment for YFY's "Procedures for Transactions with Related Parties".

Implementation of resolutions of the 2022 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 2021, the Company's cash dividends of ordinary stock were NT\$1.5 per share; the ex-dividend date was July 23, 2022, and the distribution date for dividends was August 18, 2022.
- (3) After the Company has decided to revise some of the provisions of the Company's "Articles of Incorporation", to expressly stipulate that shareholders' meetings may be held by video conference.
- (4) After the Company has decided to revise some of the provisions of the Company's "Rules of Procedure for Shareholders' Meeting". If the Company convenes a shareholders' meeting via video, it will be handled in accordance with the revised provisions.
- (5) After the Company has decided to revise some of the provisions of the Company's "Asset Acquisition and Disposal Procedures" and "Procedures for Transactions with Related Parties". If the Company or its subsidiaries obtain or dispose of assets from related parties whose transaction amount reaches more than 10% of the company's total assets, the Company must submit the case to the shareholders' meeting for discussion and approval.

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

**2. Important resolutions of the 6th (interim) meeting of the 28th Board of Directors (January 28, 2022) (summary)**

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

**3. Important resolutions of the 7th meeting of the 28th 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 2021, 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 "Articles of Incorporation".
- (7) Approved the amendment for YFY's "Rules of Procedure for Shareholders' Meeting".
- (8) Approved the amendment for YFY's "Asset Acquisition and Disposal Procedures" and the submission to the shareholders' meeting for resolution.
- (9) Approved the amendment for YFY's "Procedures for Transactions with Related Parties" 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 comfort/support 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.
- (13) 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.

#### **4. Important resolutions of the 8th meeting of the 28th Board of Directors (May 13, 2022) (summary)**

- (1) Approved YFY's 2022 Q1 financial statements.
- (2) Approved YFY's "Organizational Regulations of the Sustainable Development Committee", and approved the appointment of directors Jean Liu, David Lo, Kirk Hwang, independent directors Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang, and Jin-li Hu as members of the 1st "Sustainable Development Committee" of the Company.
- (3) Approved YFY's interbank lending credit line application.
- (4) 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.
- (5) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2022 and calculated these at the end of Q1 to be NT\$14,975,236 thousand.

**5. Important resolutions of the 9th meeting of the 28th Board of Directors (August 12, 2022) (summary)**

- (1) Approved YFY's 2022 Q2 financial statements.
- (2) In response to related operations for the stock listing in TWSE of the subsidiary Arizon RFID Technology (Cayman) Co., Ltd., the parent company YFY Global Investment B.V. plans to release of shares implemented.
- (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.
- (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2022 and calculated these at the end of Q2 to be NT\$14,876,138 thousand.

**6. Important resolutions of the 10th (interim) meeting of the 28th Board of Directors (September 27, 2022) (summary)**

- (1) Approved appointed Allen Chen assistant VP as financial officer of the Company. Approved appointed David Lo president as the spokesperson of the Company.
- (2) Approved organization changes of the Company.

**7. Important resolutions of the 10th meeting of the 28th Board of Directors (November 11, 2022) (summary)**

- (1) Approved YFY's 2022 Q3 financial statements.
- (2) Approved YFY's 2023 annual operational budget.
- (3) Approved YFY's 2023 annual audit plan.
- (4) Approved the amendment for YFY's "Board of Directors Meeting Procedures".
- (5) Approved YFY's "Procedures for Handling Material Inside Information".
- (6) Approved the amendment for YFY's "Procedures for Prevention of insider trading".
- (7) Approved appointed CPAs Hui-Ming Huang, and Chih-Ming Shao as the CPA of the Company.
- (8) Approved appointed Mr. York Kuo as chief information security officer of the Company, approved set up a dedicated unit for information security.
- (9) 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 Bank of Taiwan, Hua Nan Bank, and First Bank, as lead banks.
- (10) Approved YFY's interbank lending credit line application.
- (11) 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.
- (12) 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.
- (13) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2022 and calculated these at the end of Q3 to be approx. NT\$14,973,407 thousand.

**8. Important resolutions of the 4th meeting of the 3rd 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 "Asset Acquisition and Disposal Procedures" and filed to the Board of Directors for approval.
- (5) Approved the amendment for YFY's "Procedures for Transactions with Related Parties" 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.

**9. Important resolutions of the 5th meeting of the 3rd Audit Committee (May 11, 2022) (summary)**

- (1) Approved YFY's 2022 Q1 financial statements 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 2022 and calculated these at the end of Q1 to be approx. NT\$14,975,236 thousand, and submitted this to the Board of Directors for approval.

**10. Important resolutions of the 6th meeting of the 3rd Audit Committee (August 10, 2022) (summary)**

- (1) Approved YFY's 2022 Q2 financial statements The proposal is filed to the Board of Directors for approval.
- (2) Approved in response to related operations for the stock listing in TWSE of the subsidiary Arizon RFID Technology (Cayman) Co., Ltd., the parent company YFY Global Investment B.V. plans to release of shares implemented. The proposal is filed to the Board of Directors for approval.
- (3) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2022 and calculated these at the end of Q2 to be approx. NT\$14,876,138 thousand, and submitted this to the Board of Directors for approval.

**11. Important resolutions of the 7th (interim) meeting of the 3rd Audit Committee (November 9, 2021) (summary)**

- (1) Approved appointed Allen Chen assistant VP as financial officer of the Company. The proposal is filed to the Board of Directors for approval.

**12. Important resolutions of the 8th meeting of the 3rd Audit Committee (November 9, 2022) (summary)**

- (1) Approved YFY's 2022 Q3 financial statements. The proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2023 annual audit plan and submitted it to the Board of Directors for approval.
- (3) Approved appointed CPAs Hui-Ming Huang, and Chih-Ming Shao as the CPA of the Company, and submitted it to the Board of Directors for approval.
- (4) 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.

- (5) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2022 and calculated these at the end of Q3 to be approx. NT\$14,973,407 thousand, and submitted this 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: N/A**

**(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 printed date of this annual report:**

Summary of resignation and dismissal of professional managerial officers

April 30, 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
President	Willie Tsai	February 19, 2019	February 7, 2022	Personal resignation
VP of Finance Center	K. T. Yin	June 21, 2018	September 27, 2022	Retirement
Manager, Auditing Department	Irene Cheng	October 29, 2012	March 15, 2023	Duty adjustment

Note :

- (1) The company newly hired Mr. David Lo as the President of YFY Inc. on February 7, 2022.
- (2) The company changed Mr. Alan Chen as the Chief Financial Officer of YFY Inc. on Sep 27, 2022.
- (3) The company changed Mr. Miles Chang as the Chief Internal Auditor of YFY Inc. on Mar 15, 2023.

## 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 period	Audit fees	Non-audit fees	Total Fees	Notes
Deloitte and Touche Taiwan	Hui-Ming Huang	2022.01.01 ~	3,750	565	4,315	Non-audit fees list: I. Tax Compliance Audit II. Non-Supervisory Salary Review III. Audit Committee Document Review
	Ya-Ling Wong	2022.06.30				
Deloitte and Touche Taiwan	Chih-Ming Shao	2022.07.01 ~				
	Hui-Ming Huang	2022.12.31				

## VI. Information on change/replacement of CPA:

### (I) Regarding previous CPA:

Date of change	Approved in the Board of Directors’ Meeting dated 11 November 2022		
Reasons for change and remark	Because of the firm’s internal rotation and arrangement, CPA Ya-Ling Wong was replaced by CPA Chih-Ming Shao.		
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:	Chih-Ming Shao, CPA
Date of appointment	Approved in the Board of Directors' Meeting dated 11 November 2022
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 printed date for this annual report**

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

Title	Name	2021		Current fiscal year up to April 30	
		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	-	-	-	-
Carbontech & Management Group Leader	Huey-Ching Yeh				
COO	Cheng-Hsien Chu	-	-	-	-
VP, VP, Center of Corporate Finance	K. T. Yin	-	-	-	-
VP, Human Resources Department	Jeff Huang	-	-	-	-
VP, Finance Control Center	Vincent Min	-	-	-	-
AVP, Accounting Department	C. F. Wu	-	-	-	-
AVP, Legal Department and Corporate Governance	Vincent Chan	-	-	-	-
AVP, Procurement Department	Claudia Kung	-	-	-	-
AVP, Auditing Department (Appointed on 2023/3/15)	Miles Chang	-	-	-	-
AVP, New Business Management Office	Jack Su	-	-	-	-
AVP, Treasury Management Department	Allen Chen	-	-	-	-
Chief Information Security Officer	York Kuo	-	-	-	-
Manager, Auditing Department (Dismissed on 2023/3/15)	Irene Cheng	-	-	-	-

(II). Share transfer information: This event did not occur at the Company.

(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

April 22, 2023

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%	453,000	0.03%	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 7. Chen Yu Co., Ltd.	1. Director and the representative's spouse 2. Director and the representative's spouse 3. Director and the representative's spouse 4. Siblings 5. Director and the representative's father 6. Father and son 7. Spouse of the representative	N/A
Hsin-Yi Foundation Representative: Sing-Ju Chang	94,004,485	5.66%	0	0	0	0	1. S. C. Ho 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Director and the representative's spouse 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
	453,000	0.03%	162,265,028	9.77%	0	0			
Shin-Yi Enterprise Co., Ltd. Representative: Sing-Ju Chang	77,794,610	4.69%	0	0	0	0	1. S. C. Ho 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Director and the representative's spouse 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
	453,000	0.03%	162,265,028	9.77%	0	0			



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	60,085,895	3.62%	0	0	0	0	1. S. C. Ho 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Director and the representative's spouse 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
	453,000	0.03%	162,265,028	9.77%	0	0			
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 of YFY Inc.. Representative: Jeff Huang	46,396,624	2.79%	0	0	0	0	N/A	N/A	N/A
	40,000	0.00%	35,000	0.00%	0	0			
Ru Yi Enterprise Co., Ltd. Representative: Yi-Jia Ho	44,514,000	2.68%	0	0	0	0	1. S. C. Ho 2. Hsin-Yi Foundation, Hsinex International Corp. 3. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp.and Chen Yu Co., Ltd. 4. Felix Ho	1. Director and representative as father and daughter 2. Representative as director 3. Representatives are mother and daughter 4. Related to the representative as siblings	N/A
	8,350,000	0.50%	5,587,000	0.34%	0	0			

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	
Mei-Yu Ho	44,053,664	2.65%	3,959,112	0.24%	0	0	1. S. C. Ho 2. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. and Chen Yu Co., Ltd.	1. Siblings 2. Related to the representative as relative-in-law within second degree of kinship	N/A
Felix Ho	35,529,953	2.14%	0	0	0	0	1.S. C. Ho 2.Shin-Yi Enterprise Co., Ltd. and Chen Yu Co., Ltd. 3.Sing-Ju Chang, Representative of Hsin-Yi Foundation, Shin-YiEnterprise Co., Ltd., and Hsinex International Corp. and Chen Yu Co., Ltd. 4. Yi-Jia Ho, Representative of Ru Yi Enterprise Co., Ltd.	1. Father and son 2. Director 3. Mother and son 4. Siblings	N/A
Chen Yu Co., Ltd. Representative: Sing-Ju Chang	35,386,948 453,000	2.13% 0.03%	0 162,265,028	0 9.77%	0 0	0 0	1. S. C. Ho 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Spouse of the representative 2. Mother and daughter with the representative 3. Related to the representative as relative-in-law within second degree of kinship 4. Director and representative as 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, 2022 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	22,592	8.5	180,597	67.6
Union Paper Corp.	19,584	18.9	14,555	14.1	34,139	33.0
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.	188,600	100.0	0	0	188,600	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	50,968	48.0
YFY Paradigm Investment Co., Ltd.	165,681	100.0	0	0	165,681	100.0
San Ying Enterprise Co., Ltd.	2,500	100.0	0	0	2,500	100.0
YFY Global Investment B.V.	79,000	100.0	0	0	79,000	100.0
YFY International B.V.	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.	70,000	100.0	0	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
Ensilience Co., Ltd.	15,000	100.0	0	0	15,000	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/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: 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 22, 2023

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & natural persons	Total
Head count	7	16	354	109,901	282	110,560
Number of shares	6,834,914	15,042,329	673,846,591	736,072,846	228,574,815	1,660,371,495
Shareholding ratio	0.41%	0.90%	40.59%	44.33%	13.77%	100.00%

### (III) Shareholding distribution status

value per share NT\$10 April 22, 2023

Shareholding range	Number of shareholders	Number of shares	Shareholding ratio
1 to 999	58,412	6,578,773	0.40%
1,000 to 5,000	41,495	83,504,968	5.03%
5,001 to 10,000	5,593	42,908,111	2.58%
10,001 to 15,000	1,761	21,982,003	1.32%
15,001 to 20,000	916	16,906,524	1.02%
20,001 to 30,000	811	20,398,585	1.23%
30,001 to 40,000	353	12,679,902	0.76%
40,001 to 50,000	252	11,579,558	0.70%
50,001 to 100,000	408	29,035,553	1.75%
100,001 to 200,000	236	33,353,903	2.01%
200,001 to 400,000	138	38,178,546	2.30%
400,001 to 600,000	45	22,222,984	1.34%
600,001 to 800,000	14	9,624,934	0.58%
800,001 to 1,000,000	18	17,099,771	1.03%
1,000,001 and above	108	1,294,317,380	77.95%
<b>Total</b>	<b>110,560</b>	<b>1,660,371,495</b>	<b>100.00%</b>

### (IV) List of major shareholders

April 22, 2023

Name	Shares	Number of shares	Shareholding ratio
S. C. Ho		162,265,028	9.77%
Hsin-Yi Foundation		94,004,485	5.66%
Shin-Yi Enterprise Co., Ltd.		77,794,610	4.69%
Hsinex International Corp.		60,085,895	3.62%
Cheng-Ting Ho		46,544,959	2.80%
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc.		46,396,624	2.79%
Ru Yi Enterprise Co., Ltd.		44,514,000	2.68%
Mei-Yu Ho		44,053,664	2.65%
Felix Ho		35,529,953	2.14%
Chen Yu Co., Ltd.		35,386,948	2.13%

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

Item		Year	2021	2022	Current year up to the print date of this annual report
Market price per share	Highest		51.80	35.70	33.00
	Lowest		23.20	21.85	24.20
	Average		34.52	27.93	26.81
Net asset value per share	Before distribution		30.84	32.91	-
	After distribution		29.34	32.01	-
Earnings per share	Weighted average number of shares (thousand shares)		1,660,372	1,660,372	1,660,372
	Earnings per share		3.13	1.31	-
Dividend per share	Cash dividends		1.5	0.9	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	PE ratio		11.03	21.32	-
	Price dividend ratio		23.01	31.03	-
	Cash dividend yield (%)		4.35	3.22	-

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 2022, the Company proposes to distribute NT\$1,494,334,346 in cash dividends, the equivalent of NT\$0.9 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\$2,403,000 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 2022.
- (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 2021, the actual remuneration distributed to employees was NT\$5,550,000 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. Implementation of capital allocation plan**

- (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. Labor 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.Carbontech & Management Group
  - Intelligent energy, circular economy and innovative energy businessesOther 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 87%.
  - Other items accounted for approximately 13%.
4. **New products in development:**
  - Special purpose paper.

## (II). Industry Overview

### Macroeconomic Environment

The global economy did not perform well in 2022. Recent domestic and international economic conditions, such as the negative impact of mutated viruses, the Russian-Ukrainian war, and high inflation, have turned the global economic outlook gloomy, and the slowdown will continue into 2023. Therefore, according to the latest forecast released by Taiwan Economic Research Institute (TEI) in January 2023, the GDP growth rate for 2023 is 2.58%.

The weakening global economic demand has severely affected the performance of Taiwan's foreign trade, and capital investment by manufacturers has become conservative due to the weak global economy and high borrowing rates, which has significantly slowed down the growth of private investment. On the import side, the annual growth rate of imports declined due to the decline in international raw material prices and the cautious procurement of raw materials by manufacturers. Fortunately, with the continued relaxation of domestic epidemic control measures and the opening of borders, foreign spending is expected to increase significantly, with both the private sector and the government working together to support Taiwan's economic performance in 2023.

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:*

Russia is a major exporter of wood chips and energy. However, the outbreak of the Russia-Ukraine war skyrocketed global pulp prices in 2022. Short-fiber pulp prices, for example, soared from US\$600 per ton in early 2022 to US\$900 by the end of the year, a 50% increase. Long-fiber prices also rose from an average of US\$750-800 in 2021 to above US\$1,000 at one point last year. High pulp prices throughout the year have placed an unbearable burden on downstream virgin pulp manufacturers.

The highest price in history for wood chips was US\$190 per ton. Yet in 2022, market prices ranged from US\$240 to US\$300, setting a new record. A shortage of wood chips due to the worldwide timber supply shortage caused the record-high prices. In the international recycled paper market, the price of AOCC tumbled rapidly in July 2021. It once broke above US\$320 per ton in 2022, fell to the lowest point of US\$125 in September 2022, recovered shortly after, and consolidated between US\$160-180. Raw materials with natural fiber characteristics are still becoming more precious in the worldwide supply chain. Although demand might fluctuate sharply in the short term, the long-term uptrend won't change easily.

#### *Product competition and development trends:*

Facing the fluctuation of international pulp prices, the pulp and paper subsidiary supplies the demand for short-fiber pulp from various factories within the group to reduce the impact of market price fluctuations on profit and loss. The global demand for paper stationery products keeps declining due to changes in reading habits, digitalization, and a reduced birth rate. The pulp and paper subsidiary implements flexible production and marketing policies to maintain the Company's reasonable profits and market share and will gradually transform the production portfolio from paper stationery products to industrial-use special materials to meet the diverse demands of the packaging, food, and electronics industry. It will continue to promote non-plastic food paper that is free of plastic coating and 100% recyclable. The non-plastic food paper can be used for paper cups, paper bowls, and paper lunch boxes, which can be directly recycled and reused to achieve the three main goals of reducing plastic, reducing carbon, and reducing waste.

### **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., domestic manufacturers also include Cheng Loong Corp. and Longchen P&P. The three major paper mills including the affiliated plants account for 60% of the total sales in Taiwan, supplying downstream paperboard and containerboard processing plants with containerboards. In response to the Taiwanese market demands of small quantity, greater variety, and high quality, YFY Inc. aims to win the trust of customers by continuously equipment renewal and modernization, introducing automated systems, developing differentiated products, and offering services of premium quality.

With the development of the industrial and commercial economy, environmental problems such as global warming have become more serious. It was not until the UN COP26 climate summit in 2021 that agreements on cutting down coal consumption and methane emissions were included for the first time. Both the "Kyoto Protocol" in 1997 and the "Paris Agreement" in 2015 failed to address the issue. In response to climate change,

carbon reduction and renewable energy developments have become a global consensus. Dozens of countries make pledges to “2050 net-zero emission”. Taiwan as an export-oriented economy facing more and more tightened international carbon control, its net-zero transition will be essential to stay business competitiveness. The Ministry of Economic Affairs issued “The pathway to net-zero transition in manufacture in 2030” in October, 2022, addressing the three key development strategies of “process improvement”, “fuel switching”, and “circular economy”. Paper industry is a green industry that recycles and reuses natural resources. Containerboard and Packaging Business Group will prioritize the technology of energy-saving and carbon reduction, keep the balance between production operation and the production residue reclamation, raise the emission criteria, be environment-friendly, and 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 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.

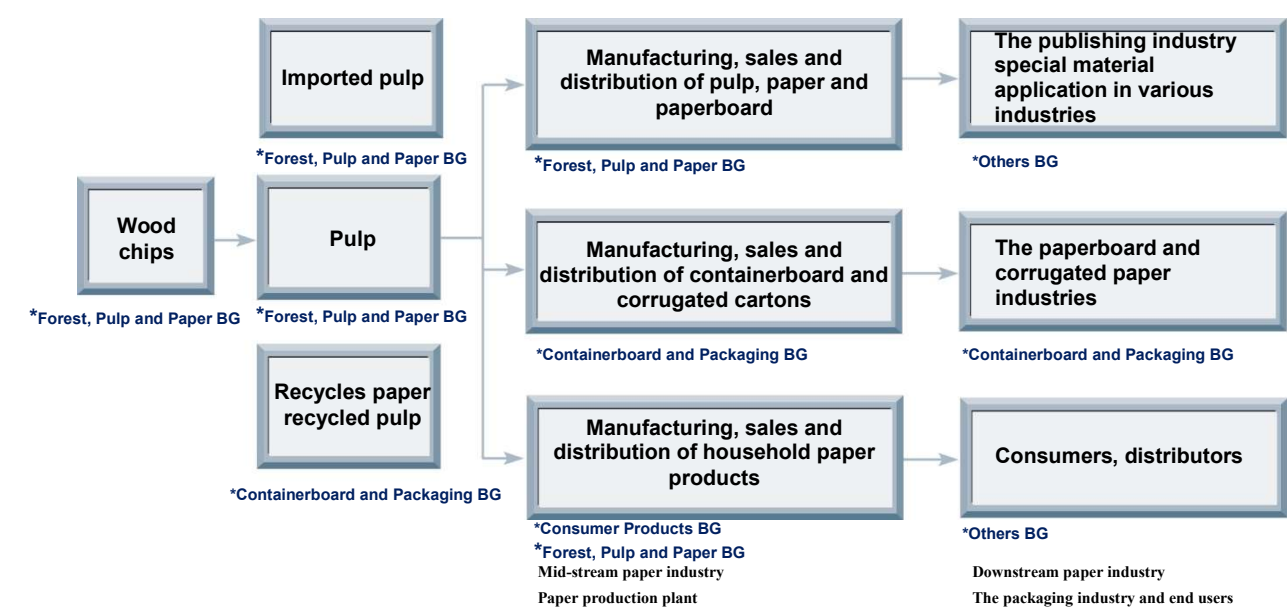
#### *Product competition and development trends:*

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 response to the epidemic situation in Taiwan and the needs of many people with allergies, we upgraded laundry detergent with anti-mite formula able to wash out virus. "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.

It is our main driver of innovation and improvement to start from consumer requirements, to provide high quality products, and to let consumer have real and happy usage experience. We continue to invest in new product development, master the market of disease prevention, middle-aged people, and environmental protection, and meet 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 taking care of the Earth following global ESG trend, instill sustainability ideals into innovative products, and maintain our leading position in consumer goods brands.

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



#### 4. Carbontech & Management Business Group

##### *Current trends and outlook of the industry:*

With the phenomenon of global warming and extreme climate becoming more and more obvious, "reducing greenhouse gas emissions" and "slowing down the warming of climate change" have become the consensus of global environmental policies, and are also important targets for energy transformation. Under this trend, the international community has reached a number of consensus and agreements on climate change and proposed their own carbon reduction targets. For example, the U.S. announced that it will achieve net zero emissions from electricity generation by 2035; the European Union adopted the European Green Deal as early as 2019, revealing a carbon neutrality target for 2050 and implementing a carbon border adjustment mechanism (CBAM). In addition, international organizations continue to launch major initiatives to help global companies move toward net zero, such as The Climate Group's (TCG) RE100, EP100, and EV100, which promote the electrification of transportation and infrastructure to reduce greenhouse gas emissions by inviting companies to increase productivity and use energy more efficiently while using 100% green power. In addition to using 100% green electricity, global initiatives also encourage companies to increase productivity and use energy more efficiently, and promote the electrification of transportation and infrastructure to reduce GHG emissions. In March 2022, the government released the "Taiwan 2050 Net Zero Emissions Pathway and Strategy General Description", which promotes Taiwan's net zero transformation based on advancements in technology and the legal system, including the planning of a carbon pricing mechanism and related practices in response to the EU CBAM, as well as the refinement of the Energy Management Act, the Electricity Act, and the Renewable Energy Development Ordinance.

Driven by the above-mentioned environmental factors, international brand companies have been declaring their net-zero targets and including "supply chain carbon footprint" and "carbon reduction performance" as indicators for company procurement, requiring their suppliers to join in the carbon reduction efforts. In addition, the implementation of policies such as the Climate Change Response Act and the "Sustainable Development Pathway for Listed Companies" has prompted Taiwanese companies to engage in energy transformation related actions. Under the global trend of carbon control, a business model has emerged that is based on three major elements: "positive cycle of business growth and environmental protection," "promotion of low-carbon enterprises and low-carbon industrial chains," and "mainstreaming of high-performance technologies". The Carbontech & Management Group was established based on YFY Group's "Saccharide economy" concept. It combines renewable materials, low-carbon energy, and digital technology to vigorously pursue one of the group's five major development directions: "renewable energy and energy management."

##### *Product competition and development trends:*

The Carbontech & Management Group applies the carbon technology industry model with "circular economy" and "intelligent energy" as its main development axes. The "Circular Economy" approach has been regarded as an important solution for business development and environmental protection, especially for developing power generation through biofuel sources, which has become one of the sources of renewable energy in Taiwan. The types of biomass power generation in Taiwan include power generation from urban and agricultural waste (waste to fuel), as well as power generation from livestock waste and food waste methane.

Taiwan's current renewable energy sources are mainly from solar and wind power generation, how to increase biomass power generation and develop it into a reliable renewable energy source for Taiwan has become an important issue in establishing the circular economic system. For example, the development of new biotechnology to improve the efficiency of biomass power generation, the expansion of biomass sources, or the development of sites to effectively collect various biomass resources are all potential mechanisms to advancing biomass energy.

In terms of "intelligent energy," after the amendment of the Electricity Act in 2017, Taiwan implemented the "green power first" policy allowing the development of the renewable energy retail industry, offering diverse choices for electricity buyers, and creating a free market mechanism for renewable energy prices. The 2019 amendment to the Renewable Energy Development Act further established renewable energy obligations for large

energy users, and introduced regulations on green electricity, energy storage, and energy usage in corporate energy application systems.

With the gradual introduction of these policies and measures, intelligent energy management systems have become even more important. Both at the power generation and distribution ends, power systems need to integrate weather and load forecasting models and artificial intelligence algorithms to make real-time and next-day power generation and consumption forecasts to achieve optimal power consumption optimization (demand response) management, in addition to applying advanced information and communication technologies, equipment, and big data analysis. In addition, as electric power becomes more decentralized, an intelligent energy management system must also integrate renewable energy, energy storage, and other power generation equipment to upgrade to an intelligent microgrid management system to enhance the dispatch of different power resources and improve energy efficiency. In the future, it is expected that microgrid sites in each region can be linked by new ICT-based intelligent "virtual power plants", which can not only integrate the electricity resources of consumers, but also help enterprises to manage remote loads and join the electricity market for trading, thus making the use of electricity more flexible. Therefore, corporate energy systems should be developed to collaborate with the national power system, which is gradually moving toward decentralization, digitization, and low carbonization.

As the world continues to face the challenge of climate change, "circular economy" and "intelligent energy" have become the solutions to provide enterprises with energy transformation. However, for companies to truly achieve net-zero transformation, they need to further rely on "carbon management". From international brand companies requiring their supply chains to join the carbon reduction bandwagon, to the EU CBAM, the Financial Supervision Commission's (FSC) release of the "Sustainable Development Pathway for Listed Companies", and the future introduction of a government carbon fee, a series of carbon control measures have begun to generate various carbon business opportunities, including carbon inventory, carbon emissions verification, emission reduction and management of carbon credits. The business group hopes to build a business model in "carbon management" to help companies implement different carbon reduction plans to comply with the law or participate in the carbon market.



### **(III). Overview of Technology and R&D**

#### **1. R&D investments during the latest year**

R&D expenditures was around NT\$554,228 thousand in 2022. Expenditures on other development applications were not included herein.

R&D expenditures up to the printed date of this annual report in 2023 was NT\$ 173,383 thousand.

#### **2. New launching and application of new technology products**

In the face of climate change and global warming, net zero carbon emissions has become the consensus of the world. YFY has set three goals of "low carbon, low energy consumption, and de-petrochemicalization". Based on "Saccharide", it develops renewable materials and energy, which are applied to pulp and paper, household cleaning products, special materials, biomedicine, AIoT and other industries.

In 2022, antibacterial and anti-mildew functions were added to the core technology of barrier modularization. It has been verified in the preservation of fruits and vegetables, effectively inhibits the growth of microorganisms on the surface of fruits and vegetables, prolongs the freshness period, and reduces food waste. We are developing innovative regenerated cellulose to replace traditional cotton and chemical fibers and to reduce carbon emissions in the textile industry. Modified cellulose, as a green internally-added specialized product at the wet end of papermaking, has been applied to refining energy saving and paper strength improvement, and will continue to be value-added development to be applied to other industries. For renewable energy, we are using "anaerobic biogas power generation and sludge co-digestion technology" to convert agricultural and food surplus materials into biomass energy; we also are cooperating with the Taoyuan City Government to transform the Guishan Water Resource Recycling Center into the first green building in Taiwan. In the ROT project of the energy center, the annual biogas power generation capacity is 5 million kWh, and the circular economy is implemented through the symbiosis of resources between industries.

In 2024 YFY NEW ERA we will continue to develop innovative technologies in the three major fields of Saccharide materials, renewable energy and digital intelligence, and cooperate with domestic and foreign academic institutions or companies to jointly provide sustainable solutions to climate and environmental problems.

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

#### **1. Forest, Pulp and Paper Business Group**

##### *Short-term development plans*

- (1) Actively improve manufacturing processes and management to enhance transformation momentum.
- (2) Strengthen the research and development of niche products, develop various alternative plastic applications, and stabilize the market for environmental protection products.
- (3) Vertically integrate the supply chain and strengthen the cooperation with downstream processing plants to increase the overall competitiveness of the industry.
- (4) Strengthen information integration and utilize big data analysis to enhance the efficiency of procurement and production and marketing processes.
- (5) Provide customers with innovative financial and logistics services to consolidate market mastery.

### *Long-term development plans*

- (1) Develop environmentally sustainable and high value-added herbal fiber products and continue to promote product structure transformation.
- (2) Strive for sustainable recycling and improve material utilization by using R3 (Recycle, Remake, Create Value) to promote diversified product re-engineering.
- (3) Implement a talent cultivation program and build a succession team to become a world-class materials company.

## **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 green energy of biogas power generation system, press ahead of the production residue reclamation, introduce non-coal fuel, and reduce coal consumption in order to implement the business philosophy of circular economy. YFY Packaging Inc.

- (1) Continuously prioritizes the technology of energy-saving and carbon reduction, renews and modernizes equipment, automates the production system, and improves equipment operation and energy efficiency and quality.
- (2) Optimizes the production procedures and process management to strengthen the market competitiveness of products.
- (3) Grasps market changes and material procurement and keeps developing green supply chain.
- (4) Stabilizes the quality of the recycled paper procured and improves the reusability.
- (5) Continues to explore new products, optimize the profitability of containerboard product combination and strengthen the business team.
- (6) Takes full advantage of vertical integration of the production and sales supply chains of Containerboard and Corrugated Packaging to expand the market share.
- (7) Maximizes the effectiveness of zero coal boilers to reduce coal consumption.
- (8) Maximizes the efficiency of biogas power generation system, ensures a smooth operation of the combined heat and power system(CHP) with zero coal use, keeps implementing five circular applications including "water, paper, renewable energy, agriculture, and carbon sinks", and creates a circular economy from converting waste into energy.

#### ➤ Corrugated Container

YFY Packing Inc. has made the overall planning of the supply chain to give full play to the synergistic effect of upstream and downstream integration of containerboards and processed paper products. To elevate the business competitiveness, it proceeds with equipment automation, process standardization, scheduling flexibility and talent management. In addition, total packaging solutions have been provided to improve the efficiency and quality of customer service. It has also actively grasped the rapid economic growth trend in Southeast Asia, expanded the investment in Vietnam, and seized the opportunity to profit.

YFY Packaging Inc.

- (1) Expands the scale of production capacity of corrugated packaging plants in Vietnam as Vietnam's economy grows.
- (2) Continues to renewal and modernize equipment, improve equipment automation, and pursue excellence in service quality.
- (3) Continues to increase the pool of customers, develop niche customers, and grow together with customers.
- (4) Carries out research and applications in green packaging and fulfills corporate environment-friendly responsibility.

*Long-term development plans*

- (1) Continues to push the reduction and control of the unit cost, and pursues win-win business performance for both the shareholders and employees.
- (2) Pursues intelligent management and innovation while optimizing and revamping equipment to reduce unit energy cost.
- (3) Continues to facilitate the reduction of the production residue and invests in coal reduction to implement circular economy and sustainable operation of net-zero carbon emissions.
- (4) Continues to expand the production capacity of Vietnam corrugated packaging business to pursue growth.
- (5) Develops automated production and improves the processes.
- (6) Recruits and trains technical, operation, and business talents, invests in employee training, and cultivates the 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) Develop diversified cross-category to provide consumer safe and healthy products with the idea of caring for family and bringing experience of a better life.
- (4) Deepen the growth of core products of EC channels, and combine new microbusiness and general EC to develop multi sales type of Online Merge Offline (OMO) channel.
- (5) Effectively operate YFYCPG membership program to ensure personalized and efficient communication and maintain the brand loyalty.
- (6) Actively carry out the product life cycle combined with the carbon footprint concept from green packaging materials, SRF usage and green energy usage.
- (7) 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.

#### **4. Carbontech & Management Business Group**

##### *Short-term development plans*

- (1) Aiming at waste repurposing and fuel utilization, we will develop green energy businesses in response to the government's zero-emissions policy, such as SRF coal replacement, waste-to-energy, and biogas green power, to help customers achieve "coal-free, zero-waste, low-carbon and green power" goals.
- (2) Aiming at energy management and digitization, we combine our strengths in Taiwan ICT industry to become a provider of innovative intelligent energy systems and provide customers with comprehensive and intelligent ways to use energy. We will continue to gain experiences in developing intelligent energy systems and gradually establish a power aggregation and virtual power plant operation framework.

##### *Long-term development plans*

- (1) Simultaneously develop the "Virtual Power Plant" platform and the "Energy Management Center" platform, and further establish the "Carbon Management Center" to actively engage in the market deployment of the carbon management business.

## **II. Market Outlook**

### **(I) Market analysis**

According to the Taiwan Paper Industry Association, the total production capacity of paper and board in Taiwan was 4.243 million tons in 2022, of which paper, carton and board paper both declined in tandem, with overall production capacity decreasing by 5.3% compared to 4.482 million tons in 2021. Domestic sales volume was 4.127 million tons, a decrease of 11.5% compared to 2021, while external sales volume was 1.603 million tons, an increase of 15.2%.

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

#### **1. Forest, Pulp and Paper Business Group**

##### **Market overview:**

According to the Taiwan Paper Industry Association, the paper and board (paper other than household paper and white and gray board in Taiwan) of the forest, pulp and paper business group produced 953,000 tons in 2022, and the output decreased by 8.5% due to the change in consumer habits and the gradual decline in demand for printing and writing paper and board. Paper and board sales and export sales in the domestic market were both down from 2021.

##### **Business overview:**

Forest, Pulp & Paper Business Group produced 511,000 tons of paper and board in 2022, down 4% from 2021, sold 338,000 tons domestically, down 3.6% from 2021, and sold 264,000 tons externally, down 2% from 2021. As for pulp, the annual production volume of 381,000 tons in 2022 increased by 4.7% compared with 2021.

### **Competitive niche and countermeasures:**

Looking ahead to 2023, Forest, Pulp and Paper Business Group will actively implement the green supply chain and ESG emission reduction actions. In response to the worldwide growth trend of plastic reduction and food-safe paper demands, Forest, Pulp and Paper Business Group will continue to leverage the characteristics of the fixed carbon content of paper to develop circular, low-carbon products, improve product quality, and expand cross-market applications. We will focus on becoming green and move towards achieving the goals of green energy, manufacturing, and products to steadily head toward corporate net zero, sustainability, and carbon neutrality goals.

## **2. Containerboard and Packaging Business Group**

### **Market conditions:**

According to statistics from the Taiwan Paper Industry Association, the total production of containerboard paper in Taiwan in 2022 will be 3.470 million tons, a 5.6% decrease compared to 2021. Domestic market sales volume was 2.588 million tons, a 14.9% decrease compared to 2021; the total export volume was 1.382 million tons, a 19.2% increase compared to 2021. The annual sales volume of the processed paper products in 2022, according to statistics of the Taiwan Paper Containers Industry Association, declined 8.74% compared to 2021. Under the influences of the COVID-19 pandemic and global political and economic situation, domestic market was in decline from last year.

### **Business overview:**

Global economic growth was diminished by the stringent lockdowns in China, 2022, the Russian-Ukrainian war, and the inflation. A locally outbreak of Covid-19 pandemic and sluggish demand in end customers also led to a downturn in the packaging market. The production capacity and sales volume of the Taiwan containerboard paper and downstream processed paper products, therefore, declined from the previously year. The prices of the raw material were still high in the first half of 2022. The energy price rose due to the energy crisis caused by the geopolitical conflicts. The overall sluggish demand made it less reflective of the increase of costs, which affected profitability. In spite of all the uncontrollable variables, the Containerboard and Packaging Business Group kept cultivating Taiwan market by the strict cost-control measures, improving equipment efficiency, adjusting product combination and sales channels, holding downstream customers' demands, deepening the integration of Taiwan upstream containerboard paper and downstream processed paper products, focusing on the quality and service to pursue growth, introducing automated machines to increase the production capacity in current corrugated packaging plants, and establishing a new corrugated packaging plant in Xinwu, Taoyuan in 2022 to expand operation scale. In addition to strive for the profitability, its zero coal boiler has started to operate and achieved the goal of carbon reduction by reusing the solid refuse-derived fuel. Phase 2 of biogas power generation system was also completed and put into use, further realizing the circular economy of environmental protection by reusing production drain water, keeping prioritizing the technology of energy saving and carbon reduction and process improvement, and fulfilling corporate environment-friendly responsibility.

The Business Group cultivates the manufacturing of containerboard paper in Yangzhou, China. In 2022, China adopted zero-Covid policy. Regional stringent lockdowns seriously hampered economic and trade activities. The production capacity and sales volume of China's containerboard paper and processed paper

products were deeply affected due to the sluggish demand of the end market, leading to the profit decline. It was fortunate that China lifted zero-Covid policy at the end of the year. Flow of people and logistics are expected to resume. The Business Group will continuously optimize product combination and develop niche customers, increase the ability to react to the local market changes, and prepare for the post-pandemic market opportunities. With the rapid changes in policies in China, the Business Group will continue to improve its equipment readiness and impose strict control on the inventory, credit and cash flow to reduce operation risks.

Vietnam lifted lockdowns in 2022, but its export-oriented economy faced tremendous pressure under a tight economic and trade situation. With the exacerbation of global inflation, it suffered from economic slump in the second half of the year. Under such stressful conditions, Vietnam Corrugated Packaging focused on developing international brand customers, enhancing the quality and customer satisfaction, maintaining the scale of the production and sales, stipulating precise purchasing strategies of raw and auxiliary material, reducing costs, and improving the production efficiency, leading to the profit growth. It will continuously impose strict controls on the inventory, credit, and capital management, and recruit local talents to stabilize business operations. Relying on the advantages of Vietnam's massive market and tariffs, it will also seize the growth opportunities deriving from the transfer of the supply chains to expand its operation scale.

#### **Competitive niche and countermeasures:**

The global economic growth in 2023 is projected to slow down from last year due to the interest rates raised by most of the world's central banks in an attempt to control runaway inflation, a slump in manufacture, Russia's invasion of Ukraine, and geopolitical crisis. Nevertheless, the pandemic's impact on Taiwan is minimized. China relaxed its restrictions on Covid-19 pandemic. The consumption capacity is expected to recover. We are optimistic about the increasing demand of containerboard paper and cardboard boxes. From the long-term perspective, the rapid development of e-commerce and the prevalence of global online shopping boom the demand for product packaging for delivery, which continues to drive the growth of the containerboard paper. The future development of the containerboard paper 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 find 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 ask 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 in 2022 was 283 thousand tons, decreasing by 5.3% compared to 2021. The import was 125 thousand tons, increasing by 11.8%. In terms of sales volume, the domestic consumption was 388 thousand tons, increasing by 0.8% compared to 2021; Exports were 20 thousand tons, decreasing by 30%.



### **Business overview:**

In 2022, the household paper production of Consumer Product Business Group was 143 thousand tons, increased by 3.4% compared to 2021. In 2022, the household product domestic sales were 83 thousand tons, which was a 3.0% decrease from 2021. It was mainly caused by changes in consumer habits as a result of the epidemic in Taiwan and sales increase in high-end products favored by consumer preferences. However, exports were 81 thousand tons, declining by 11% from the previous year. The main reason was the impact of the surge in raw material cost and the extreme lockdown policy of the epidemic in the mainland China resulting in weak demand and conservative consumption.

Competition in the household paper product market in Taiwan is intense. The management team has positioned the company as a leading brand and followed successfully to seize market share of high-end tissue market by Mayflower Thick pull-up tissue, and we launched patented and innovative Mayflower Extreme Premium pull-up toilet tissue by 2-ply hand feeling outperforming 3-ply one. Consumer's need of fluffy and soft but not easy to break when wiping is satisfied. We continue to increase market share in high end market. In terms of cleaning products, we continue to launch high-quality products that make consumers safe and healthy. We launched Orange House anti-virus laundry detergent to upgrade the function of moving out mites. Not only did it achieve high consumer satisfaction during the epidemic, but it also expanded to meet the consumer needs with allergies and achieved excellent sales performance. 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 ahead to the market in 2023, the company is continuously committed to develop sustainably and implement ESG policy. We pay attention to our positive brand image and corporate vision in order to help cultivate talents, breed diverse innovation momentum, and provide consumers safe, healthy, and beautiful life. The team continues to innovate and upgrade products, successfully achieve breakthroughs in channel operations, optimize the production and sales structure, improve various investment benefits, reduce supply chain cost, expand sales in domestic and foreign markets, and improve adaptability to changes 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: According to the needs of paper factories, we use suitable tree species to make different kinds of pulp through the process of wood chips, evaporation, cleaning, bleaching, pulp making and drying.
- 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. We also actively develop food safety paper (paper straws, paper cup paper, sealing paper and grease-proof paper, etc.).

### 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	<p>1. As a result of the Russian-Ukrainian war, the global raw material supply chain changed, coupled with a tight energy supply and severe inflation. The worldwide factories increased production costs or cease production.</p> <p>2. The Covid-19 epidemic was gradually easing, and the ports and shipping capacity were slowly recovering.</p> <p>3. Real-time tracking of the shipping schedule of each raw material and a precise control of inventory to ensure a stable supply.</p>

### (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 Main business groups		Production / Year		2021		2022	
				Volume	Value	Volume	Value
Forest, pulp and paper business group	Pulp			364,218	6,649,377	381,178	8,790,947
	Paper			395,713	12,533,111	386,153	13,716,424
	Paperboards			136,838	2,984,489	124,852	2,918,795
Containerboard and packaging business group	Paperboards			881,392	14,932,420	805,799	12,932,088
	Processed paper			1,003,477	23,793,841	891,350	23,542,848
Consumer products business group	Paper			138,723	6,851,092	143,425	7,609,013
	Cleaning products			6,285	289,303	5,853	259,944

## (VI). Sales in last two years

Unit: NT\$ thousand; tons

Sales / Year Volume Value Main business units		2021				2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Forest, pulp and paper business group	Pulp	92,576	1,768,812	121,635	2,141,944	74,490	1,776,539	84,255	1884,541
	Paper	188,644	5,390,574	233,376	7,975,738	204,857	5,802,818	230,038	9,644,956
	Paperboards	162,441	3,510,386	36,181	821,650	133,622	2,927,996	34,145	994,060
Containerboard and packaging business group	Paperboards	267,303	4,344,339	589,524	10,319,028	186,377	3,143,640	634,799	9,912,471
	Processed paper	338,367	8,950,377	717,461	1,6011,806	297,911	8,591,792	637,154	15,611,749
Consumer products business group	Paper	85,335	5,129,820	91,911	3,432,099	83,250	5,526,444	81,367	3,250,744
	Cleaning Products	5,967	564,141	299	30,571	5,803	562,875	375	30,971
	Others	-	733,053	-	669	-	713,427	-	40,129

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

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

Year		2021	2022	Current year up to the printed date of this annual report
Number of employees	General personnel	5,896	5,409	5,442
	Technicians	6,072	6,270	6,346
	Total	11,968	11,679	11,788
Average age		38.89	39.96	40.50
Average of service years		8.95	9.53	9.56
Academic qualifications	Master's degree or higher	5.11%	5.04%	5.06%
	Bachelor/College degree	42.71%	40.10%	39.71%
	Senior high school and below	52.18%	54.86%	55.23%

#### (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	13	0
CPA of USA	5	0
CPA of Canada	1	0
Certified internal auditor (CIA) organized by Institute of Internal Auditors	0	15

## 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.

YFY continues to invest in various environmental protection, and we have invested 299 million in 2022. The relevant environmental protection funds are as follows:

Unit: Million NTD/ year

	Environment	Water	Waste	Energy	Air and Other	Total
2022	148	104	28	17	2	299

To mitigate our impact on the environment, in 2023 we plan to invest about NT\$193 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 printed 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\$ 2,250 thousand	2022. 01.21	20-111-01002	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.
		2022. 01.22	20-111-01003	
		2022. 11.30	20-111-1001	
		2023. 03.25	20-112-030003	Proceeded in accordance with relevant legal procedures.
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 480 thousand	2022. 04.02	Zhao-Huan-Ning-Fa (2022) No.1	Improvements were completed in accordance with the requirements of the environmental protection department.
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\$ 1,170 thousand	2022. 03.22	30-111-030002	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.
		2022. 06.13	30-111-060010	
		2022. 08.25	30-111-080035	
		2023. 01.19	30-112-010005	

<p>Article: Article 18, Paragraph 1 of the Water Pollution Control Act</p> <p>Content: Enterprises shall adopt water pollution control measures; the central competent authority in consultation with the relevant industry competent authorities shall determine management 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.</p>	The total fine was NT\$ 121.5 thousand	2022. 11.15	30-111-110012	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.
		2022. 05.28	30-111-050026	
		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.
<p>Article: Article 107, Paragraph 1 of the Water Pollution Control Measures and Test Reporting Management Regulations, Article 18, Paragraph 1 of the Water Pollution Control Act</p> <p>Content: For the automatic monitoring/surveillance facilities installed pursuant to the Act, if the brand name or model number of the unit or data retrieving and processing systems used for replacement is not the same as the originally installed facilities, the Measure Instructions shall be submitted to the municipality or county (city) competent authority for approval 15 days before the replacement.</p>	The total fine was NT\$ 35 thousand	2023. 02.23	30-12-020002	The declaration has been completed.
<p>Article: Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act Enforcement Rules</p> <p>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.</p>	The total fine was NT\$ 6 thousand	2022. 05.05	40-111-050014	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.
<p>Article: Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act Enforcement Rules</p> <p>Content: In accordance with the format, items, content and frequency stipulated by the central competent authority, report to the special municipality, county or city competent authority via the Internet the circumstances regarding the production, storage, clearance, disposal, reuse, export, import, transit and transshipment of the waste at issue. However, those circumstances in which the central competent authority allows the submission of written reports shall not be subject to this restriction</p>	The total fine was NT\$ 6 thousand	2022. 05.05	40-111-050015	Improvements were completed in accordance with the requirements of the environmental protection department.
<p>Article: Article 36, Paragraph 1 of the Waste Disposal Act Enforcement Rules</p> <p>Content: Methods and facilities for storage, clearance and disposal of industrial waste shall meet regulations designated by the central competent authority. Standards for methods and facilities for storage, clearance and disposal of industrial waste in the foregoing paragraph shall be determined by the central competent authority.</p>	The total fine was NT\$ 6 thousand	2022. 07.04	40-111-070003	Improvements were completed in accordance with the requirements of the environmental protection department.
<p>Article: Article 9, Paragraph 2 of the Toxic and Concerned Chemical Substances Control Act</p> <p>Content: The handler shall produce reports and regularly report records concerning the handling of toxic chemical substances and their release quantities; such records shall be preserved properly for future reference. 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. The competent authority shall provide the release quantities records on-line pursuant to Paragraph 1 to the public for reference, on a stage-by-stage basis.</p>	The total fine was NT\$ 60 thousand	2022. 03.22	34-111-030006	Improvements were completed in accordance with the requirements of the environmental protection department.

Note: As of the printed date, we had lodged an appeal of penalty number: 30-111-100022 (violation of Article 7, Paragraph 1 of the Water 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 <sup>Note1</sup>	Category	2021	2022
Greenhouse gas emissions <sup>Note2,3</sup> (Unit: t-CO <sub>2</sub> e)	Scope 1	1,371,572	1,174,263
	Scope 2	296,230	324,388
	Total	1,667,802	1,498,651
Weight of waste <sup>Note4</sup> (Unit: tons)	Total	264,581	256,073
Water consumption <sup>Note5</sup> (Unit: cubic meter)	Water withdrawal	32,198,870	31,285,457
	Water discharge	31,481,725	30,515,164
	Water consumption	717,145	770,293

Note1: The scope of above data only covers plant operations in Taiwan, which include YFY Packaging Taiwan (Xinwu, Taoyuan, Zhunan, Pek Crown, Changhua, and Kaohsiung), CHP Taiwan (Jiutang, Hualien, Taitung, and Kuanyin ) and YFY Consumer Products Taiwan (Qingshui, Yangmei, and 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 in accordance with the ISO14064-1.

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 2022 was 8.22 tons, accounting for 0.03% of the total waste. The waste is handled by authorized subcontractor and detailed record has been reported according to regulations.

Note5: 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. Water consumption = Water withdraw – Water discharge.

### 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 2022 are listed below:

- Energy-saving and carbon-reduction project: Motor replacement with smaller ones for energy-saving, pump energy-saving, compressed air system energy-saving, paper machine heat recovery system, steam pipeline loss reduction, and so on.
- Purchase of smart water meters and spiral extrusion dehydrators for water resources.
- 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	2020	2021	2022
Annual energy conservation (thousand kWh)	12,750,951	13,825,857	18,848,060
GHG emission reduction associated with reduction in energy consumption* (t-CO <sub>2</sub> e)	7,248	6,940	9,595

\* 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 2021: 0.509kg CO<sub>2</sub>e/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 2022

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

(2) Balance amount of assets at the end of the year: NT\$465,934 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 printed date for this annual report

Unit: NT\$ thousand

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 70 of the Labor Standards Law Content: The work rules are not submitted to the authorities for approval and record and announced in accordance with the regulations.	The total fine was NT\$ 20 thousand.	2022/12/5	1110239379B	According to the revision or update of the labor law, the company will apply for the approval of the competent authority after revising the work rules.
Article: Article 34, Paragraph 2 of the Labor Standards Law Content: Day and night shift system change work shift without giving a rest period above eleven consecutive hours	The total fine was NT\$ 100 thousand.	2022/12/5	1110239379A	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\$ 20 thousand.	2022/7/8	1110142767	For special conditions, we will coordinate with colleagues to rotate out of work to comply with regulations.
Article: Article 32, Paragraph 2 of the Labor Standards Law Content: The extension of working hours referred to in the preceding paragraph, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month; however, the extension of working hours, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, shall not exceed fifty-four hours a month and one hundred and thirty-eight hours every three months.	The total fine was NT\$ 20 thousand.	2022/5/30	1110109394	For special conditions, we will coordinate with colleagues to rotate out of work to comply with regulations.
Article: Article 34, Paragraph 3 of the Labor Standards Law Content: Changing the rest time between day and night shifts has not been reported to the local competent authority for future reference.	The total fine was NT\$ 50 thousand.	2022/3/25	1110058062	In response to special circumstances, colleagues will be coordinated to take turns to work and adjust the way of changing shifts to comply with regulations.
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\$ 50 thousand.	2022/10/3	1110275526	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 2022 is as below:

Course type	No. of classes	Total number of people	Total hours	Total costs (thousand NT\$)
Professional competency	2,885	38,758	113,823	8,612,176
Management and general knowledge	1,061	31,869	69,113	2,630,094
Cultural cultivation for new recruits	566	3,137	18,067	54,930
On-the-job continuing education	105	5	401	223,340

#### **(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 ISO45001 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. To comply with relevant regulations, the Company established a dedicated management unit for information and communications security (organization name: Information Security Committee). This Organization has a Chief Information Security Officer who leads the organization, allocates appropriate human, material and financial resources under the organization, and assigns appropriate personnel as the Chief Information Security Manager and a number of specialized information security personnel to be responsible for promoting, coordinating, supervising and reviewing the management issues of information and communications security. 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.

##### **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.

- (II) Losses, potential impacts and countermeasures for significant information security incidents in the most recent year and as of the printed date of the annual report: No

## VII. Material contracts

Contract type	Parties Involved	Commencement date/ expiration date	Content	Restrictive clauses
1. YFY				
Long term loan contract	Made jointly by 7 banks including Bank of Taiwan, First Bank, Chang Hwa Bank, etc. 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
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan and Hua Nan Bank.	2022.12.23~2027.12.23	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, Land Bank of Taiwan, etc. with 5 participating banks	2020.03.31~2025.03.31	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including Bank of Taiwan, Taipei Fubon Bank and Agriculture Bank of Taiwan with 5 participating banks	2022.09.30~2027.09.30	5-year syndicated loan repaid at maturity	N/A
3. YFY Packaging Inc.				
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
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan and Hua Nan Bank.	2022.12.29~2027.12.29	5-year 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

<div>Year</div> <div>Item</div>		Financial data of the past five years				
		2018	2019	2020	2021	2022
Current assets		44,317,379	45,753,516	47,120,856	56,622,662	54,457,835
Property, plant and equipment		48,947,012	47,806,173	48,354,857	48,402,268	49,015,451
Intangible assets		521,979	509,530	484,123	470,573	521,064
Other assets		24,422,004	27,019,794	27,811,374	30,938,761	35,477,974
Total assets		118,208,374	121,089,013	123,771,210	136,434,264	139,472,324
Current liabilities	Before distribution	32,704,919	35,712,886	34,230,405	39,516,720	28,998,439
	After distribution	33,701,142	36,875,146	36,720,962	42,007,277	30,492,773
Non-current liabilities		38,570,422	34,592,593	31,252,806	31,111,412	40,880,492
Total liabilities	Before distribution	71,275,341	70,305,479	65,483,211	70,628,132	69,878,931
	After distribution	72,271,564	71,467,739	67,973,768	73,118,689	71,373,265
Share capital		16,603,715	16,603,715	16,603,715	16,603,715	16,603,715
Capital surplus		989,929	1,000,169	2,504,194	3,288,518	3,459,112
Retained earnings	Before distribution	14,241,392	15,879,283	20,756,081	22,919,766	22,536,470
	After distribution	13,245,169	14,717,023	18,265,524	20,429,209	21,042,136
Other equity		3,627,473	5,767,066	5,121,275	8,389,401	12,037,107
Equity attributable to owners of parent		35,462,509	39,250,233	44,985,265	51,201,400	54,636,404
Non-controlling interest		11,470,524	11,533,301	13,302,734	14,604,732	14,956,989
Total equity	Before distribution	46,933,033	50,783,534	58,287,999	65,806,132	69,593,393
	After distribution	45,936,810	49,621,274	55,797,442	63,315,575	68,099,059



## 2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	Financial data of the past five years				
	2018	2019	2020	2021	2022
Operating revenue	76,439,683	74,760,487	73,234,546	85,298,857	79,635,878
Gross profit	11,684,994	12,561,839	14,981,409	18,153,588	11,115,555
Operating profit	2,359,830	2,990,809	5,602,904	8,010,853	1,146,900
Non-operating income and expenditure	566,264	565,383	2,773,629	1,759,868	2,439,522
Pre-tax profit	2,926,094	3,556,192	8,376,533	9,770,721	3,586,422
Net profit for the current period	1,959,764	2,659,623	6,603,903	7,762,551	2,846,578
Other comprehensive income for the current period (after-tax profit)	151,472	2,536,880	(25,566)	3,524,890	3,783,605
Total comprehensive income for the current period	2,111,236	5,196,503	6,578,337	11,287,441	6,630,183
Net income attributable to owners of the parent	1,440,003	2,285,769	5,209,079	5,204,254	2,169,510
Net income attributable to non-controlling interest	519,761	373,854	1,394,824	2,558,297	677,068
Total comprehensive income attributable to owner of the parent	1,597,278	4,773,707	5,360,674	8,653,474	5,726,038
Total comprehensive income attributable to non-controlling interest	513,958	422,796	1,217,663	2,633,967	904,145
Earnings per share	0.87	1.38	3.14	3.13	1.31

## (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				
		2018	2019	2020	2021	2022
Current assets		88,444	186,239	32,489	57,925	41,991
Property, plant and equipment		620,320	619,312	615,945	613,296	611,901
Other assets		59,558,358	63,368,304	66,249,139	72,784,702	76,720,630
Total assets		60,267,122	64,173,855	66,897,573	73,455,923	77,374,522
Current liabilities	Before distribution	3,358,265	3,192,501	1,947,405	2,321,297	2,549,896
	After distribution	4,354,488	4,354,761	4,437,962	4,811,854	4,044,230
Non-current liabilities		21,446,348	21,731,121	19,964,903	19,933,226	20,188,222
Total liabilities	Before distribution	24,804,613	24,923,622	21,912,308	22,254,523	22,738,118
	After distribution	25,800,836	26,085,882	24,402,865	24,745,080	24,232,452
Share capital		16,603,715	16,603,715	16,603,715	16,603,715	16,603,715
Capital surplus		989,929	1,000,169	2,504,194	3,288,518	3,459,112
Retained earnings	Before distribution	14,241,392	15,879,283	20,756,081	22,919,766	22,536,470
	After distribution	13,245,169	14,717,023	18,265,524	20,429,209	21,042,136
Other equity		3,627,473	5,767,066	5,121,275	8,389,401	12,037,107
Total equity	Before distribution	35,462,509	39,250,233	44,985,265	51,201,400	54,636,404
	After distribution	34,466,286	38,087,973	42,494,708	48,710,843	53,142,070

## 2. Condensed individual statement of comprehensive income

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	Financial data of the past five years				
	2018	2019	2020	2021	2022
Operating revenue	1,773,764	2,414,115	5,481,543	5,356,934	2,217,566
Gross profit	1,773,764	2,414,115	5,481,543	5,356,934	2,217,566
Operating profit	1,439,400	2,065,030	5,119,864	4,937,467	1,808,669
Non-operating income and expenditure	15,603	135,439	210,215	425,587	456,564
Pre-tax profit	1,455,003	2,200,469	5,330,079	5,363,054	2,265,233
Net profit for the current period	1,440,003	2,285,769	5,209,079	5,204,254	2,169,510
Other comprehensive income for the current period (after-tax profit)	157,275	2,487,938	151,595	3,449,220	3,556,528
Total comprehensive income for the current period	1,597,278	4,773,707	5,360,674	8,653,474	5,726,038
Earnings per share	0.87	1.38	3.14	3.13	1.31

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

#### 1. Name of CPAs:

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.

2022: Chih-Ming Shao and Hui-Ming Huan from Deloitte and Touche Taiwan

#### 2. CPAs' opinions:

2018 - 2020: Unqualified opinion and a segment on other matters.

2021 - 2022: 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				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt-to-asset ratio	60.30	58.06	52.91	51.77	50.10
	Long-term capital to property, plant and equipment	174.69	178.59	185.17	200.23	225.39
Solvency (%)	Current ratio	135.51	128.11	137.66	143.29	187.80
	Quick ratio	84.77	86.07	93.95	99.16	122.94
	Times interest earned ratio	387.01	482.30	1,302.44	1,899.13	515.91
Operating ability	Receivables turnover (times)	5.06	4.98	4.90	5.18	4.88
	Average days receivable	72.13	73.29	74.48	70.46	74.79
	Inventory turnover (times)	6.36	5.98	6.24	6.47	5.81
	Payables turnover (times)	8.01	7.00	5.99	6.00	5.92
	Average inventory turnover (days)	57.39	61.03	58.49	56.41	62.82
	Property, plant and equipment turnover (times)	1.58	1.55	1.52	1.76	1.63
	Total assets turnover (times)	0.66	0.62	0.60	0.66	0.58
Profitability	Return on assets (%)	2.41	2.84	5.85	6.30	2.56
	Return on equity (%)	4.33	5.44	12.11	12.51	4.20
	Pre-tax profit to paid-in capital ratio (%)	17.62	21.42	50.45	58.85	21.60
	Net margin (%)	2.56	3.56	9.02	9.10	3.57
	Earnings per share (NT\$)	0.87	1.38	3.14	3.13	1.31
Cash flows	Operating cash flow ratio (%)	15.11	29.51	23.57	21.98	28.10
	Cash flow adequacy ratio (%)	71.44	101.00	116.75	109.84	116.99
	Cash flow reinvestment ratio (%)	2.77	6.63	4.60	3.86	3.19
Leverage	Operating leverage	2.68	2.41	1.77	1.53	4.83
	Financial leverage	1.76	1.45	1.14	1.07	4.03

Note: Explanation of changes;

1. Changes in current ratio and quick ratio mainly resulted from a decrease in current liabilities.
2. Changes in interest protection multiples resulted from a decrease in the net income before tax and an increase in interest expenses.
3. Changes in profitability resulted from a decrease in the profits and losses after tax.
4. Changes in operating cash flow ratio resulted from a decrease in current liabilities.
5. Changes in operating leverage and financial leverage resulted from a decrease in net operating income.

## (II) Financial analysis - Individual

<div>Year</div> <div>Item</div>		Financial analysis for the last five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt-to-asset ratio	41.16	38.84	32.76	30.30	29.39
	Long-term capital to property, plant and equipment	9,174.11	9,846.63	10,544.80	11,598.74	12,228.22
Solvency (%)	Current ratio	2.63	5.83	1.67	2.50	1.65
	Quick ratio	0.83	2.04	1.07	1.99	1.19
	Times interest earned ratio	509.64	754.62	1,966.11	2,512.76	823.22
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 (%)	2.92	4.11	8.30	7.67	3.21
	Return on equity (%)	4.19	6.12	12.37	10.82	4.10
	Pre-tax profit to paid-in capital ratio (%)	8.76	13.25	32.10	32.30	13.64
	Net margin (%)	-	-	-	-	-
	Earnings per share (NT\$)	0.87	1.38	3.14	3.13	1.31
Cash flows	Operating cash flow ratio (%)	11.90	14.75	99.72	85.94	83.12
	Cash flow adequacy ratio (%)	30.41	45.15	81.01	68.14	71.80
	Cash flow reinvestment ratio (%)	-	-	1.19	-	-
Leverage	Operating leverage	1.01	1.01	1.00	1.00	1.00
	Financial leverage	1.33	1.19	1.06	1.05	1.21

Note: Explanation of changes

1. Changes in current ratio and quick ratio resulted from an increase in current liabilities.
2. Changes in interest protection multiples resulted from a decrease in the net income before tax.
3. Changes in earnings per share mainly resulted from a decrease in the profits or losses attributable to the owners of the parent company.

### 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 2022 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.

2023 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, 2022 and 2021, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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, 2022. 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, 2022 are stated as follows:

#### Estimation of Expected Credit Loss of 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 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 10 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 tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer's credit policy control and tracking of overdue receivables.

#### **Other Matter**

We have also audited the financial statements of YFY Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2022 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 Chih-Ming Shao and Hui-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

#### 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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 8,698,263	6	\$ 6,534,090	5
Current financial assets at fair value through profit or loss (Note 7)	914,843	1	3,026,461	2
Current financial assets at fair value through other comprehensive income (Notes 8 and 33)	7,967,004	6	7,675,476	6
Current financial assets at amortized cost (Note 9)	3,045,337	2	4,352,267	3
Notes receivable, net (Notes 10, 22 and 34)	2,842,143	2	4,431,191	3
Accounts receivable, net (Notes 10 and 22)	12,120,124	9	13,092,096	10
Accounts receivable due from related parties, net (Notes 22 and 33)	64,230	-	71,403	-
Current inventories (Note 11)	11,872,315	8	11,705,050	9
Current biological assets (Note 12)	3,255,711	2	3,193,535	2
Prepayments	2,198,126	2	1,504,008	1
Other current financial assets (Note 34)	827,945	1	345,076	-
Other current assets, others (Notes 13 and 33)	651,794	-	692,009	1
Total current assets	54,457,835	39	56,622,662	42
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 33)	18,132,758	13	15,919,513	12
Non-current financial assets at amortized cost (Note 9)	1,918,107	1	434,148	-
Investments accounted for using equity method (Note 15)	7,466,226	5	6,102,801	4
Property, plant and equipment (Notes 16, 33 and 34)	49,015,451	35	48,402,268	35
Right-of-use assets (Notes 17 and 34)	2,097,384	2	2,037,520	2
Investment property, net (Notes 18 and 33)	3,958,773	3	3,532,991	3
Goodwill	521,064	-	470,573	-
Deferred tax assets (Note 24)	305,525	-	351,334	-
Prepayments for business facilities (Notes 16 and 18)	712,614	1	1,519,458	1
Net defined benefit asset, non-current (Note 20)	576,233	1	710,988	1
Other non-current assets, others (Note 34)	310,354	-	330,008	-
Total non-current assets	85,014,489	61	79,811,602	58
TOTAL ASSETS	\$ 139,472,324	100	\$ 136,434,264	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Notes 19 and 34)	\$ 8,812,071	7	\$ 10,079,552	8
Short-term notes and bills payable (Note 19)	2,723,116	2	9,296,157	7
Current financial liabilities at fair value through profit or loss (Note 7)	45,843	-	69,687	-
Current contract liabilities (Note 22)	496,039	-	516,177	-
Notes and accounts payable	10,759,751	8	12,225,726	9
Accounts payable to related parties (Note 33)	110,870	-	57,012	-
Other payables, others (Note 16)	4,124,484	3	4,377,129	3
Current tax liabilities	484,546	-	1,437,612	1
Current lease liabilities (Note 17)	203,868	-	177,846	-
Long-term liabilities, current portion (Note 19)	-	-	57,933	-
Other current liabilities, others (Note 33)	1,237,851	1	1,221,889	1
Total current liabilities	28,998,439	21	39,516,720	29
NON-CURRENT LIABILITIES (Note 4)				
Non-current portion of non-current borrowings (Notes 19 and 34)	36,344,562	26	26,519,989	20
Deferred tax liabilities (Note 24)	3,565,188	3	3,603,758	3
Non-current lease liabilities (Note 17)	514,916	-	471,777	-
Net defined benefit liability, non-current (Note 20)	7,814	-	37,233	-
Other non-current liabilities, others	448,012	-	478,655	-
Total non-current liabilities	40,880,492	29	31,111,412	23
Total liabilities	69,878,931	50	70,628,132	52
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4, 21, 26, and 29)				
Share capital	16,603,715	12	16,603,715	12
Capital surplus	3,459,112	2	3,288,518	2
Retained earnings	22,536,470	16	22,919,766	17
Other equity interest	12,037,107	9	8,389,401	6
Total equity attributable to owners of parent	54,636,404	39	51,201,400	37
NON-CONTROLLING INTERESTS	14,956,989	11	14,604,732	11
Total equity	69,593,393	50	65,806,132	48
TOTAL LIABILITIES AND EQUITY	\$ 139,472,324	100	\$ 136,434,264	100

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

# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 33)				
Net sales revenue	\$ 69,663,113	87	\$ 69,338,312	81
Other operating revenue, net	<u>9,972,765</u>	<u>13</u>	<u>15,960,545</u>	<u>19</u>
Total operating revenue	<u>79,635,878</u>	<u>100</u>	<u>85,298,857</u>	<u>100</u>
OPERATING COSTS (Notes 11, 20, 23 and 33)				
Cost of sales	60,979,239	77	57,649,295	68
Other operating costs	<u>7,538,681</u>	<u>9</u>	<u>9,499,369</u>	<u>11</u>
Total operating costs	<u>68,517,920</u>	<u>86</u>	<u>67,148,664</u>	<u>79</u>
GAIN (LOSS) ON CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Notes 4 and 12)	<u>(2,403)</u>	<u>-</u>	<u>3,395</u>	<u>-</u>
GROSS PROFIT FROM OPERATIONS	<u>11,115,555</u>	<u>14</u>	<u>18,153,588</u>	<u>21</u>
OPERATING EXPENSES (Notes 20, 23 and 33)				
Selling expenses	5,619,924	7	5,718,650	7
Administrative expenses	3,794,503	5	3,816,206	4
Research and development expenses	<u>554,228</u>	<u>1</u>	<u>607,879</u>	<u>1</u>
Total operating expenses	<u>9,968,655</u>	<u>13</u>	<u>10,142,735</u>	<u>12</u>
NET OPERATING INCOME	<u>1,146,900</u>	<u>1</u>	<u>8,010,853</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs, net (Notes 4 and 23)	(862,303)	(1)	(543,080)	(1)
Share of profit of associates accounted for using equity method, net (Notes 4 and 15)	1,590,502	2	939,709	1
Interest income	264,015	1	108,890	-
Rent income (Notes 18 and 33)	57,756	-	79,252	-
Dividend income	1,028,392	1	978,636	1
Other income, others (Notes 13, 27 and 28)	454,299	1	489,315	1
Gains on disposal of property, plant and equipment	41,779	-	26,493	-
Gains on disposal of investment property (Note 33)	140,241	-	24,053	-
Gains on disposal of non-current disposal groups held for sale (Note 13)	-	-	47,370	-
Gains (losses) on financial assets or liabilities at fair value through profit or loss (Note 4)	734,828	1	(210,598)	-

(Continued)

# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Miscellaneous disbursements (Notes 16 and 27)	\$ (145,566)	-	\$ (97,929)	-
Foreign exchange losses (Note 38)	<u>(864,421)</u>	<u>(1)</u>	<u>(82,243)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,439,522</u>	<u>4</u>	<u>1,759,868</u>	<u>2</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	3,586,422	5	9,770,721	11
TAX EXPENSE (Notes 4 and 24)	<u>(739,844)</u>	<u>(1)</u>	<u>(2,008,170)</u>	<u>(2)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>2,846,578</u>	<u>4</u>	<u>7,762,551</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	(200,189)	-	121,134	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,919,191	2	3,673,538	4
Share of other comprehensive income of associates accounted for using equity method	<u>50,068</u>	<u>-</u>	<u>546,984</u>	<u>1</u>
	<u>1,769,070</u>	<u>2</u>	<u>4,341,656</u>	<u>5</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation	1,754,694	2	(606,916)	(1)
Gains on hedging instruments	-	-	5,199	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>259,841</u>	<u>-</u>	<u>(215,049)</u>	<u>-</u>
	<u>2,014,535</u>	<u>2</u>	<u>(816,766)</u>	<u>(1)</u>
Other comprehensive income (loss), net	<u>3,783,605</u>	<u>4</u>	<u>3,524,890</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,630,183</u>	<u>8</u>	<u>\$ 11,287,441</u>	<u>13</u>
PROFIT, ATTRIBUTABLE TO:				
Profit, attributable to owners of parent	\$ 2,169,510	3	\$ 5,204,254	6
Profit, attributable to non-controlling interests	<u>677,068</u>	<u>1</u>	<u>2,558,297</u>	<u>3</u>
	<u>\$ 2,846,578</u>	<u>4</u>	<u>\$ 7,762,551</u>	<u>9</u>

(Continued)

## YFY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
COMPREHENSIVE INCOME, ATTRIBUTABLE TO:				
Comprehensive income, attributable to owners of parent	\$ 5,726,038	7	\$ 8,653,474	10
Comprehensive income, attributable to non-controlling interests	<u>904,145</u>	<u>1</u>	<u>2,633,967</u>	<u>3</u>
	<u>\$ 6,630,183</u>	<u>8</u>	<u>\$ 11,287,441</u>	<u>13</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 1.31</u>		<u>\$ 3.13</u>	
Diluted earnings per share	<u>\$ 1.31</u>		<u>\$ 3.13</u>	

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

(Concluded)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent																
	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	Non-controlling Interests	Total Equity
								Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Total						
	Shares (In Thousands)	Amount															
BALANCE AT JANUARY 1, 2021	1,660,372	\$ 16,603,715	\$ 1,560,211	\$ 445,695	\$ 293,124	\$ 205,164	\$ 2,504,194	\$ 3,822,784	\$ 4,001,813	\$ 12,931,484	\$ 20,756,081	\$ (1,509,007)	\$ 6,633,307	\$ (3,025)	\$ 44,985,265	\$ 13,302,734	\$ 58,287,999
Appropriation of 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
Appropriation of the 2021 earnings																	
Legal reserve appropriated	-	-	-	-	-	-	-	465,605	-	(465,605)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)	-	(2,490,557)
Reversal of special reserve	-	-	-	-	-	-	-	-	(4,981)	4,981	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,332,010)	(1,332,010)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	52,641	52,641	-	-	-	-	371	-	-	53,012	2,489	55,501
Other changes in capital surplus	-	-	-	-	-	(30)	(30)	-	-	-	-	-	-	-	(30)	-	(30)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	89,245	-	-	-	89,245	-	-	-	-	36,905	-	-	126,150	578,127	704,277
Changes in ownership interests in subsidiaries	-	-	-	28,738	-	-	28,738	-	-	(1,806)	(1,806)	(6,541)	-	-	20,391	199,506	219,897
Profit	-	-	-	-	-	-	-	-	-	2,169,510	2,169,510	-	-	-	2,169,510	677,068	2,846,578
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	(237,069)	(237,069)	1,797,707	1,995,890	-	3,556,528	227,077	3,783,605
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	1,932,441	1,932,441	1,797,707	1,995,890	-	5,726,038	904,145	6,630,183
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	176,626	176,626	-	(176,626)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	1,660,372	\$ 16,603,715	\$ 1,867,508	\$ 1,052,665	\$ 293,124	\$ 245,815	\$ 3,459,112	\$ 4,894,972	\$ 3,995,020	\$ 13,646,478	\$ 22,536,470	\$ (357,174)	\$ 12,394,281	\$ -	\$ 54,636,404	\$ 14,956,989	\$ 69,593,393

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



# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 3,586,422	\$ 9,770,721
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	4,389,569	4,230,166
Expected credit gain	(22,833)	(44,050)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(734,828)	210,598
Finance costs	862,303	543,080
Interest income	(264,015)	(108,890)
Dividend income	(1,028,392)	(978,636)
Share-based payments	43,635	27,408
Share of profit of associates accounted for using equity method	(1,590,502)	(939,709)
Gain on disposal of property, plant and equipment	(41,779)	(26,493)
Gain on disposal of investment property	(140,241)	(24,053)
Gain on disposal of non-current disposal groups held for sale (Note 13)	-	(47,370)
Gain on disposal of investments	-	(717)
Impairment loss on non-financial assets	-	4,976
Write-downs of inventories (reversed)	61,741	(7,844)
Unrealized foreign exchange loss	730,821	430,163
Converted overdue payables to other income	-	(11,714)
Loss (gain) from derecognition of subsidiary (Note 27)	345	(34,401)
Loss (gain) arising from changes in fair value less costs to sell of biological assets	2,403	(3,395)
Gain from lease modification	(36)	(634)
Changes in operating assets and liabilities		
Decrease in current financial assets at fair value through profit or loss, mandatorily measured at fair value	3,165,201	25,574
Decrease (increase) in notes receivable, net	1,857,855	(1,120,322)
Decrease (increase) in accounts receivable, net	1,565,303	(1,533,619)
Decrease in accounts receivable due from related parties, net	7,173	53,300
Decrease (increase) in current inventories	67,013	(2,788,687)
Decrease (increase) in current biological assets	(14,660)	119,601
Decrease (increase) in prepayments	(643,226)	488,002
Decrease (increase) in other current assets, others	476,107	(411,975)
Decrease in financial liabilities held for trading	(312,667)	(627,109)
Decrease in current contract liabilities	(38,639)	(35,291)
Increase (decrease) in notes and accounts payable	(2,328,224)	2,298,431
Increase (decrease) in accounts payable to related parties	53,858	(28,948)
Increase (decrease) in other payable, others	(386,208)	283,169
Increase (decrease) in other current liabilities, others	(359,748)	154,693
Decrease in net defined benefit liability, non-current	(144,896)	(492,227)
Cash inflow generated from operations	8,818,855	9,373,798
Interest received	252,906	230,755

(Continued)

# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Dividends received	\$ 1,620,605	\$ 1,477,026
Interest paid	(846,467)	(653,736)
Income taxes paid	<u>(1,696,307)</u>	<u>(1,743,793)</u>
Net cash flows generated from operating activities	<u>8,149,592</u>	<u>8,684,050</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(685,109)	(75,472)
Proceeds from disposal of financial assets at fair value through other comprehensive income	117,168	187,021
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	64,254
Acquisition of financial assets at amortized cost	(155,250)	(2,054,652)
Disposal of financial assets for hedging	-	5,303
Derecognition of subsidiaries (Note 27)	-	(230)
Proceeds from disposal of subsidiaries (Note 28)	-	(133)
Proceeds from liquidation of investments accounted for using equity method	-	140,904
Disposal of non-current disposal groups held for sale (Note 13)	-	(36,385)
Acquisition of property, plant and equipment	(3,936,737)	(5,439,383)
Proceeds from disposal of property, plant and equipment	56,195	83,239
Acquisition of investment properties	(311)	-
Proceeds from disposal of investment properties	224,966	-
Increase in other financial assets	(440,888)	(324,944)
Decrease (increase) in other non-current assets, others	<u>(85,663)</u>	<u>57,416</u>
Net cash flows used in investing activities	<u>(4,905,629)</u>	<u>(7,393,062)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Net increase (decrease) in current borrowings	(1,463,821)	3,525,369
Net decrease in short-term notes and bills payable	(6,573,041)	(102,657)
Net increase (decrease) in long-term debt	9,766,929	(499,000)
Payments of lease liabilities	(227,531)	(204,735)
Increase (decrease) in other non-current liabilities, others	(22,470)	78,416
Cash dividends paid	(2,490,557)	(2,490,557)
Change in non-controlling interests	(353,284)	(1,291,587)
Overdue dividends received (paid)	<u>(30)</u>	<u>1,160</u>
Net cash flows used in financing activities	<u>(1,363,805)</u>	<u>(983,591)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>284,015</u>	<u>(56,428)</u>

(Continued)

## YFY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,164,173	\$ 250,969
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,534,090</u>	<u>6,283,121</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,698,263</u>	<u>\$ 6,534,090</u>

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

## **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, 2022 and 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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, 2022. 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, 2022 are stated as follows:

#### Valuation of Receivables

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

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

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

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

#### **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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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, 2022 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 Chih-Ming Shao and Hui-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash (Note 6)	\$ 9,703	-	\$ 13,188	-
Current financial assets at fair value through profit or loss (Note 7)	20,411	-	6,302	-
Accounts receivable due from related parties, net (Note 21)	130	-	26,625	-
Other receivables	7,035	-	7,713	-
Other current assets, others	<u>4,712</u>	<u>-</u>	<u>4,097</u>	<u>-</u>
Total current assets	<u>41,991</u>	<u>-</u>	<u>57,925</u>	<u>-</u>
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 21)	15,835,430	21	14,141,481	19
Investments accounted for using equity method (Notes 9 and 21)	58,994,196	76	56,382,018	77
Property, plant and equipment (Notes 10 and 21)	611,901	1	613,296	1
Right-of-use assets (Note 11)	3,190	-	3,369	-
Investment property, net (Notes 12 and 21)	1,862,758	2	1,849,656	3
Deferred tax assets (Note 17)	2,517	-	7,555	-
Net defined benefit asset, non-current (Note 14)	8,884	-	331,864	-
Other non-current assets, others	<u>13,655</u>	<u>-</u>	<u>68,759</u>	<u>-</u>
Total non-current assets	<u>77,332,531</u>	<u>100</u>	<u>73,397,998</u>	<u>100</u>
TOTAL ASSETS	<u>\$ 77,374,522</u>	<u>100</u>	<u>\$ 73,455,923</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Note 13)	\$ 840,000	1	\$ 1,580,000	2
Short-term notes and bills payable (Note 13)	1,523,840	2	482,418	1
Accounts payable to related parties (Note 21)	776	-	1,431	-
Other payables, others (Note 10)	94,477	-	105,360	-
Current tax liabilities	85,143	-	147,096	-
Current lease liabilities (Note 11)	1,137	-	1,307	-
Other current liabilities, others	<u>4,523</u>	<u>-</u>	<u>3,685</u>	<u>-</u>
Total current liabilities	<u>2,549,896</u>	<u>3</u>	<u>2,321,297</u>	<u>3</u>
NON-CURRENT LIABILITIES (Note 4)				
Non-current portion of non-current borrowings (Note 13)	19,777,456	26	19,409,942	26
Deferred tax liabilities (Note 17)	389,628	-	466,794	1
Non-current lease liabilities (Note 11)	2,043	-	2,068	-
Other non-current liabilities, others	<u>19,095</u>	<u>-</u>	<u>54,422</u>	<u>-</u>
Total non-current liabilities	<u>20,188,222</u>	<u>26</u>	<u>19,933,226</u>	<u>27</u>
Total liabilities	<u>22,738,118</u>	<u>29</u>	<u>22,254,523</u>	<u>30</u>
EQUITY (Notes 4 and 15)				
Share capital	16,603,715	21	16,603,715	23
Capital surplus	3,459,112	5	3,288,518	5
Retained earnings	22,536,470	29	22,919,766	31
Other equity interest	<u>12,037,107</u>	<u>16</u>	<u>8,389,401</u>	<u>11</u>
Total equity	<u>54,636,404</u>	<u>71</u>	<u>51,201,400</u>	<u>70</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 77,374,522</u>	<u>100</u>	<u>\$ 73,455,923</u>	<u>100</u>

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



# YFY INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Investment (Note 4)	\$ 2,217,566	100	\$ 5,356,934	100
OPERATING EXPENSES (Notes 14, 16 and 21)	<u>408,897</u>	<u>19</u>	<u>419,467</u>	<u>8</u>
NET OPERATING INCOME	<u>1,808,669</u>	<u>81</u>	<u>4,937,467</u>	<u>92</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	111	-	(651)	-
Finance costs (Notes 4 and 16)	(313,213)	(14)	(222,279)	(4)
Rent income (Notes 12 and 21)	39,103	2	49,626	1
Dividend income	568,484	26	526,725	10
Other income, others	42,920	2	48,205	1
Gains on disposal of investment property (Note 21)	119,418	5	24,053	-
Miscellaneous disbursements	<u>(259)</u>	<u>-</u>	<u>(92)</u>	<u>-</u>
Total non-operating income and expenses	<u>456,564</u>	<u>21</u>	<u>425,587</u>	<u>8</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	2,265,233	102	5,363,054	100
TAX EXPENSE (Notes 4 and 17)	<u>(95,723)</u>	<u>(4)</u>	<u>(158,800)</u>	<u>(3)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>2,169,510</u>	<u>98</u>	<u>5,204,254</u>	<u>97</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 14, 15 and 17)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	(308,555)	(14)	187,406	4
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,693,949	76	1,618,538	30
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>373,427</u>	<u>17</u>	<u>2,331,512</u>	<u>44</u>
	<u>1,758,821</u>	<u>79</u>	<u>4,137,456</u>	<u>78</u>

(Continued)

# YFY INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>\$ 1,797,707</u>	<u>81</u>	<u>\$ (688,236)</u>	<u>(13)</u>
Other comprehensive income, net	<u>3,556,528</u>	<u>160</u>	<u>3,449,220</u>	<u>65</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,726,038</u>	<u>258</u>	<u>\$ 8,653,474</u>	<u>162</u>
EARNINGS PER SHARE (Note 18)				
Basic earnings per share	<u>\$ 1.31</u>		<u>\$ 3.13</u>	
Diluted earnings per share	<u>\$ 1.31</u>		<u>\$ 3.13</u>	

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

(Concluded)

YFY INC.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(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
	Shares (In Thousands)	Amount						Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Total					
BALANCE AT JANUARY 1, 2021	1,660,372	\$ 16,603,715	\$ 1,560,211	\$ 445,695	\$ 293,124	\$ 205,164	\$ 2,504,194	\$ 3,822,784	\$ 4,001,813	\$ 12,931,484	\$ 20,756,081	\$ (1,509,007)	\$ 6,633,307	\$ (3,025)	\$ 44,985,265	
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	
Appropriation of the 2021 earnings																
Legal reserve appropriated	-	-	-	-	-	-	-	465,605	-	(465,605)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(2,490,557)	(2,490,557)	-	-	-	(2,490,557)	
Reversal of special reserve	-	-	-	-	-	-	-	-	(4,981)	4,981	-	-	-	-	-	
Changes in equity of associates accounted for using equity method	-	-	-	-	-	52,641	52,641	-	-	-	-	371	-	-	53,012	
Other changes in capital surplus	-	-	-	-	-	(30)	(30)	-	-	-	-	-	-	-	(30)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	89,245	-	-	-	89,245	-	-	-	-	36,905	-	-	126,150	
Changes in ownership interests in subsidiaries	-	-	-	28,738	-	-	28,738	-	-	(1,806)	(1,806)	(6,541)	-	-	20,391	
Profit	-	-	-	-	-	-	-	-	-	2,169,510	2,169,510	-	-	-	2,169,510	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	(237,069)	(237,069)	1,797,707	1,995,890	-	3,556,528	
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	1,932,441	1,932,441	1,797,707	1,995,890	-	5,726,038	
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	176,626	176,626	-	(176,626)	-	-	
BALANCE AT DECEMBER 31, 2022	1,660,372	\$ 16,603,715	\$ 1,867,508	\$ 1,052,665	\$ 293,124	\$ 245,815	\$ 3,459,112	\$ 4,894,972	\$ 3,995,020	\$ 13,646,478	\$ 22,536,470	\$ (357,174)	\$ 12,394,281	\$ -	\$ 54,636,404	

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

# YFY INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 2,265,233	\$ 5,363,054
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	7,064	11,380
Net gain on financial assets or liabilities at fair value through profit or loss	(109)	(19)
Finance costs	313,213	222,279
Interest income	(3,100)	(33)
Dividend income	(568,484)	(526,725)
Share of profit of subsidiaries and associates accounted for using equity method	(2,217,566)	(5,356,934)
Loss on disposal of property, plant and equipment	-	14
Gain on disposal of investment property	(119,418)	(24,053)
Loss on disposal of investments	-	660
Unrealized foreign exchange loss (gain)	(1)	1
Converted overdue payables to other income	-	(11,714)
Loss (gain) from lease modification	11	(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	(14,000)	10,000
Decrease (increase) in accounts receivable due from related parties, net	26,495	24
Decrease (increase) in other receivable	678	(3,498)
Decrease (increase) in other current assets, others	(384)	1,282
Decrease (increase) in net defined benefit asset, non-current	(62,714)	(60,341)
Increase (decrease) in accounts payable to related parties	(655)	(9,108)
Increase (decrease) in other payable, others	(12,596)	16,564
Increase (decrease) in other current liabilities, others	838	557
Cash outflow used in operations	(385,495)	(366,657)
Interest received	3,100	33
Dividends received	2,959,200	2,685,873
Interest paid	(304,402)	(213,629)
Income taxes paid	(152,955)	(110,699)
Net cash flows generated from operating activities	<u>2,119,448</u>	<u>1,994,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(152,098)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	87,923
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	26,122

(Continued)

# YFY INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of investments accounted for using equity method	\$ (414,641)	\$ -
Proceeds from disposal of investments accounted for using equity method	-	252,383
Proceeds from liquidation of investments accounted for using equity method	-	103,241
Acquisition of property, plant and equipment	(697)	(695)
Proceeds from disposal of property, plant and equipment	-	48
Acquisition of investment properties	(311)	-
Proceeds from disposal of investment properties	126,231	-
Decrease (increase) in other non-current assets, others	<u>(367)</u>	<u>762</u>
Net cash flows generated from (used in) investing activities	<u>(289,785)</u>	<u>317,686</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in current borrowings	(740,000)	775,000
Net increase (decrease) in short-term notes and bills payable	1,042,000	(447,000)
Net increase (decrease) in long-term debt	360,000	(140,000)
Payments of lease liabilities	(1,308)	(2,110)
Decrease in other non-current liabilities, others	(3,254)	(292)
Cash dividends paid	(2,490,557)	(2,490,557)
Overdue dividends received (paid)	<u>(30)</u>	<u>1,160</u>
Net cash flows used in financing activities	<u>(1,833,149)</u>	<u>(2,303,799)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	<u>1</u>	<u>(1)</u>
NET INCREASE (DECREASE) IN CASH	(3,485)	8,807
CASH AT THE BEGINNING OF THE YEAR	<u>13,188</u>	<u>4,381</u>
CASH AT THE END OF THE YEAR	<u>\$ 9,703</u>	<u>\$ 13,188</u>

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

(Concluded)

**VI. Any financial difficulty and the impact on the Company's finance in last year and up to the printed 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. Impact of Significant Capital Expenditures on Financial Operations in the Past 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 important matter

## I. Financial comparison analysis

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	2022	2021	Difference	
			Amount	%
Current assets	\$54,457,835	\$56,622,662	(\$2,164,827)	(4)
Property, plant and equipment	49,015,451	48,402,268	613,183	1
Intangible assets	521,064	470,573	50,491	11
Other assets	35,477,974	30,938,761	4,539,213	15
Total assets	139,472,324	136,434,264	3,038,060	2
Current liabilities	28,998,439	39,516,720	(10,518,281)	(27)
Non-current liabilities	40,880,492	31,111,412	9,769,080	31
Total liabilities	69,878,931	70,628,132	(749,201)	(1)
Share capital	16,603,715	16,603,715	0	0
Capital surplus	3,459,112	3,288,518	170,594	5
Retained earnings	22,536,470	22,919,766	(383,296)	(2)
Other equity	12,037,107	8,389,401	3,647,706	43
Non-controlling interest	14,956,989	14,604,732	352,257	2
Total equity	69,593,393	65,806,132	3,787,261	6
Notes on changes in increase or decrease percentage: <ol style="list-style-type: none"> <li>The decrease in Current liabilities resulted from the decrease in Current borrowings, Short-term notes and bills payable, and Notes and accounts payable.</li> <li>The increase in Non-current liabilities resulted from the increase in Non-current portion of non-current borrowings.</li> <li>The increase in Other equity interest resulted from the increase in Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income.</li> </ol>				

## II. Financial Performance Review and Analysis

Unit: NT\$ thousand

Year Item	2022	2021	Increase/decrease	Change (%)
Net sales revenue	\$79,635,878	\$85,298,857	(\$5,662,979)	(7)
Cost of goods sold	68,517,920	67,148,664	1,369,256	2
Gains from changes in fair value minus the cost to sell a biological asset	(2,403)	3,395	(5,798)	(171)
Gross profit	11,115,555	18,153,588	(7,038,033)	(39)
Operating expenses	9,968,655	10,142,735	(174,080)	(2)
Net operating profit	1,146,900	8,010,853	(6,863,953)	(86)
Non-operating income and expenditure	2,439,522	1,759,868	679,654	39
Pre-tax profit	3,586,422	9,770,721	(6,184,299)	(63)
Income tax expense	(739,844)	(2,008,170)	1,268,326	(63)
Net income for the current year	2,846,578	7,762,551	(4,915,973)	(63)
Notes/Analysis on changes in increase or decrease percentage:				
1. The decrease in Gross profit, Operating profit, Pre-tax profit, Tax expense and Net profit for the current year mainly resulted from the decrease in Operating revenue.				
2. The increase in Non-operating income and expense mainly resulted from the increase in Gain on financial assets (liabilities) at fair value through profit or loss.				



### 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
\$6,534,090	\$8,149,592	(\$5,985,419)	\$8,698,263	-	-

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

1. Cash flow from operating activities: Operating activities generated cash flows mainly from the operational profit and depreciation of fixed assets.
2. Cash flow from other activities: Investment activities mainly consisted of the annual expenditure on the upgrading and maintenance of relevant equipment. Financing activities mainly consisted of the 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. Guanyin Mill carried out production equipment transformation project, mainly to cooperate with CHP's transformation, and transforms the existing equipment manufacturing process to meet the future market demand and layout in advance.
2. Dingfung Mill carried out process equipment transformation project, mainly adding low-emission equipment to reduce production waste emissions and ensure compliance with environmental protection and legal policies.

#### Containerboard and Packaging Business Group:

##### (1) Xinwu Industrial Paper Plant

1. Renewed and modernized production equipment to enhance product competitiveness.
2. Invested in phase 1 and phase 2 of the biogas power generation facilities to convert production residue into renewable energy. In 2023, it plans to renew and modernize the production sludge treatment equipment to increase proceeds from green energy by the rise of biogas power generation volume.
3. Invested in the first industrial zero coal solid recovered fuel (SRF) boiler in Taiwan. The boiler brought into operations in 2020 and reached the target to recycle the solid residue.
4. Continued to renew and modernize equipment of combined heat and power system and invested in

revamping of the boiler in 2021 to enhance the ability to process non-coal fuel, aiming to reduce coal consumption.

5. Completed the installment of the roof-top solar panels in 2022, which increased percentage of green energy.

## **(2) Taiwan Corrugated Container Plants**

1. Continued to renew and modernize corrugators and printing presses to improve product quality. In addition, the newly established corrugated packaging plant in Xinwu District, Taoyuan City purchased from Apple Daily has come into operation in 2023.
2. Introduced automated logistics systems to all plants in 2022 to increase production capacity and realize process automation, improve working environment and enhance occupational safety, and comprehensively increase business competitiveness.

## **(3) Vietnam Corrugated Container Plants:**

In order to increase production capacity and market share, two corrugator machines were officially put into operation at the end of 2022 in the Ping Yang Plant in Southern Vietnam. In addition, the Long An Plant also introduced automated logistics system to improve production efficiency.

## **Consumer Products Business Group:**

1. To provide better functional new product to conform to consumer's favorite and drive future operational sales growth, we invest NTD 1 billion to upgrade facility in Chin Shui plant.
2. To continuously save energy consumption and decrease emission of greenhouse gas, we implement energy management system and invest energy-saving equipment to improve production process and achieve higher efficiency of energy utilization and usage rate of green energy. We contribute to net-zero carbon emission as our goal.
3. To create safety workplace environment, increase employee effectiveness and happiness, we continuously replace old production equipment and upgrade to automatic converting system to stand firm as the leadership of Taiwan consumer industry.

Working capitals for capital expenditures are sourced from YFY's funds and bank loans. The increase of Interest expenses in 2022 was due to the central bank rate hike. Therefore, there is no significant financial impact.

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

### **(1) Reinvestment policy, reasons for profit or loss and improvement plans**

The Company and its subsidiaries have made significant reinvestments in line with the Company's long-term development strategy, focusing mainly on the areas of circular economy, energy management, industrial Internet technology, new materials for the sugar economy, and new innovation and incubation. In recent years, the Company has continued to streamline its non-core investment targets and focus its resources on strategic investments that are consistent with the Company's long-term development philosophy in order to deepen the benefits of vertical integration and maximize investment synergies.

The investment evaluation focuses on industry prospects, R&D capability enhancement, production efficiency and quality improvement, and future profit growth potential. After considering the investment benefits and risks, we decide the investment method and amount. In terms of post-investment management, the Company regularly reviews the operating performance of each reinvestment, and if there is a significant decline or deviation from the industry standard, the Board of Directors will request the reinvestment company to prepare an improvement plan in order to achieve the Company's original investment objectives.

- **Forest, Pulp and Paper Business Group:** Pulp prices have been high throughout the year, causing unbearable burden to downstream virgin paper mills, with wood chips breaking the historical record of US\$190 per ton. The Forest, Pulp & Paper Business Group leveraged its strengths in consistent production of forest pulp and paper, sourcing alternative materials, adjusting pulp ratios, and actively negotiating price increases with customers to maintain profitability in the face of adversity. In the future, we will continue to refine product quality and expand cross-market applications, grasp the stability of supply of raw materials and imported products, and actively expand our green supply chain and ESG commitments.
- **Containerboard and Packaging Business Group:** The loss of Yangzhou plant in 2022 was mainly due to the impact of the epidemic control in China on the overall economy and end-use demand, which made it difficult for the Yangzhou plant to realize its production and sales capacity, the rising global energy prices, and the high price of waste paper in the first half of the year due to the blockage of supply chain logistics. In addition to internal improvements to enhance production efficiency, secure production sources, reduce costs, and stabilize the supply ratio of our own paper mills, the Yangzhou plant will continue to make external improvements to respond to the concept of green economy, promote energy consumption reduction, waste reduction, develop high-value products, and improve the ability to respond to local market operations. It is expected that the impact of the epidemic will subside in 2023, and the Yangzhou plant will be able to achieve the integrated effect of vertical integration and improve operational performance.
- **Consumer Products Business Group:** The loss of Consumer Products Business in China was mainly due to poor sales performance as a result of the epidemic control; the sharp increase in raw material and energy prices has eroded profits. Consumer Products Business Group will continue to develop end customers and regional distributors, expand the business model of outsourced distribution, and actively look for low-cost alternative sources of materials in order to smooth out the increase in slurry costs; reduce electricity consumption to reduce the impact of coal prices on costs.

## (2) Investment Plans for the Coming Year

In the coming year, our investment plan will focus on extending the peripheral industries of our core businesses, deepening vertical integration, with consideration of complementary and synergistic effects as principle.

1. As Arizon RFID Technology (Cayman) Co., Ltd. goes public, it is now able to leverage the diversified funding from capital market to expand production and develop vertical integration from upstream to downstream, striving to double its production capacity to achieve an annual output of 10 billion labels by 2025 and meet the rapidly growing market demand.

2. YFY Jupiter, as a brand packaging solution provider, continued to expand its services in Mexico, Indonesia and Vietnam to maintain the high revenue and profit. In 2023, YFY Jupiter plans to set up an operating site in Thailand and focus on the development of green packaging materials and the establishment of the green supply chains to deepen the added value of professional packaging services, which will serve as a boosting source for the company's growth as customers' demand increase.
3. In collaboration with circular economy and intelligent energy domains, Carbontech & Managmenet Group is established with the goal of waste utilization and fuelization, implementing digital technology to integrate energy generation, energy saving and energy efficiency to develop green energy generation business. In the future, Carbontech & Management Group will also integrate non-green with green power systems, synchronize the development of virtual power plants and energy information center for power aggregation, and establish a new Carbon management business model in accordance with domestic regulations on "carbon pricing" and the development of the carbon credit market.

## **VI. Risk analysis and assessment in the last fiscal year and up to the printed 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 break of war between Russia and Ukraine in February 2022 aggravated the global supply bottlenecks, and led the prices soaring of energy and bulk raw materials. The incontrollable inflation pressure forced Fed to accelerate the pace of rate hiking. The scale of 425 bps of rate hiking in 2022 led the rapid raise of USD market interest rate. In Taiwan, facing the pressure of high inflation, the Central Bank of Taiwan also raise the basic discount rate with the scale of 62.5 bps and raise bank required reserve ratio with the scale of 50 bps in 2022, lead the raise of TWD market interest rate at the same time.

Response measures: Although the global economy had been falling down, all central banks will still focus on the goal of price stability as the main monetary policy. The trend of monetary tightening will continue in 2023. The Company will evaluate the liability positions and financing policies regularly and flexibly, to maintain enough liquidity and effectively reduce the Company's interest expenses.

#### **2. Exchange Rate:**

High inflation rate lead Fed to accelerate the pace of rate hiking. Under these circumstances, the international USD exchange rate got higher, and the major currency EUR, JPY and AUD went fall. In the meanwhile, the recession of real estate industry and dynamic zero control policy in COVID 19, caused the whole economics of China fall down, and lead the serious depreciation of RMB in 2022. the international USD exchange rate got higher, and continuous foreign big capital outflow, lead the depreciation of TWD at the same time. Major exchange rate risks faced by the Company are FCY loans from China. In 2022, 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 2023, global economic and financial markets continue to face high volatility amid uncertain monetary policies of central banks of major countries. 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.

### **3. Inflation:**

As the break of war between Russia and Ukraine led to the prices soaring of oil and natural gas, USA and European countries faced serious pressure of high inflation in the first three quarters of 2022. Fortunately, the demand of energy reduced due to the effect of warm winter, and the efforts of all central banks in adopting tighten monetary policies, made the pressure of high inflation be relieved in the fourth quarter of 2022. In Taiwan, the CPI was 2.95% in 2022 and the core CPI (CPI excluding energy and fruits and vegetables) was 2.61%, both were the highest in 14 years.

In 2023, as the tightness of the global supply bottlenecks will become smooth gradually and the price of shipping fee, oil and commodities will fall down, the pressure of high inflation is expected to slide down gradually. The Central Bank of Taiwan preliminarily estimated that CPI and core CPI in 2023 will decrease annually by 1.88% and 1.87%. Up to the printed date of this annual report, the inflation does not exert a material impact on the Company. However, due to factors such as global carbon reduction, 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 the risk of substantial fluctuations. In the future, we still need to monitor closely the risks caused by 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 2022 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 2023 include:

- |                                 |                      |
|---------------------------------|----------------------|
| ● Paper products R&D            | NT\$ 45,386 thousand |
| ● Special materials development | NT\$ 15,732 thousand |
| ● Materials analysis            | NT\$ 13,534 thousand |
| ● Cleaning products R&D         | NT\$ 24,378 thousand |

R&D expenses listed above do not include investments in products 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.

In response to the promulgation of the amendments of the Labor Standards Act, the Company has also modified related internal regulations and the Work Rules, as well as convened labor-management meetings to discuss various response measures. Work hours and work schedule for each company (plant) were adjusted accordingly, and employee annual leaves and holiday pay for unused annual leaves were given to employees according to regulations.

**(V) .The impact of technological changes (including information and communications security risks) and industry changes on the Company's financial operations and the measures to address them.**

**Information Security Risk**

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 changes in IT technology and the popularity of Internet usage, all businesses and individuals are facing increasingly 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 all key. Through a dedicated information security management platform and team, the Group's companies are able to make the best use of resources, manage, upgrade and update their existing information security network equipment and mechanisms in an appropriate and centralized manner, and keep their information security protection up-to-date. Of course, we also strive to raise the awareness of information security risks among our staff to strengthen the various lines of defense of information security.

**Information security policies and specific management plans**

The company's information security policy focuses on the use of technology and information security management, through the interaction and checks and balances between people and machines, software and hardware, to build an information security management network, and then through the installation of firewalls, information room management, user information security management, plant information security management, and the implementation of the established policies. Every year, we regularly discuss factory information security issues, trends, and related enhancement measures with our information management colleagues in each factory, and through education and training, we optimize the information security environment maintenance and risk awareness level of our employees in each factory.

In the current era of Internet of Things, no one, including business entities, is safe from information security risks hidden in every corner of a network. YFY not only endeavors to comply with government policies and in-house regulations regarding information security. The Company also fulfills responsibilities to complete routine tasks related to information security management so as to minimize the IT-related operational risks of all YFY companies.

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

In the face of global climate change and the challenge of net-zero carbon emissions by 2050, YFY, which started out as an agricultural company, has proposed the renaissance concept of "Saccharides" and has been accumulating corporate capital with a holistic circular economy and ESG concept as its axis, and is moving toward YFY's three major goals for the next 100 years: Low carbon, Low energy, and Saccharide replacing Petrochemicals, and is committed to research, development, and innovation in three major fields of energy, materials, and digitalization, with the goal of sustainable development in which industry and the environment coexist and flourish together.

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 with agriculture and laid the foundation for 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 Net Zero Circularity of agricultural waste cycle, hydrologic cycle, paper cycle, renewable energy cycle and carbon cycle, which are all closely related to "Saccharides". In this era, we should return to nature and understand the irreplaceable nature of "Saccharides" for people, all things on earth 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 as a raw material to make paper since the beginning of the papermaking business, and after more than 70 years, the Net Zero Circularity 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 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 a model of circular economy in Taiwan. In 2022, YFY received recognition and awards including the "Taiwan Circular Economy Award" and the "Taiwan Corporate Sustainability Award". These awards demonstrate that YFY's Net Zero Circularity is capable of optimizing resource utilization, developing innovative business models, balancing economic, environmental, and social benefits, and serving as a benchmark and leadership in this area. Furthermore, YFY's development of the "Saccharide Economy" and its implementation of zero-coal cogeneration system have successfully positioned it in the field of renewable energy, earning it the "CSR and ESG Corporate Social Responsibility Award" from Global Views Monthly and recognition from the judging panel for its visionary approach to business.

In terms of product innovation, YFY's Chung Hwa Pulp launched the CircuWell Total Recyclable Packaging Solution, which break through the plastic lamination process of traditional paper containers and can be directly recycled as general paper after use, eliminating the need for additional sorting and recycling, and effectively solving the massive waste generated by disposable containers, achieving the three goals of plastic reduction, carbon reduction and waste reduction.

S(social) - 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 come 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.

The Xinwu plant has been participating in this event every year and has extended care to over 490 households living in difficulties around the factory as of 2022. Secondly, based on the concept of the "Full Circle Economy", we support the Xuan Yi Association formed by mothers of children with cerebral palsy and recognize their concept of zero waste and fashionable full circle economy, and we not only sponsor Mayflower toilet paper and Orange House laundry detergent on a long-term basis, but also help to upgrade the hardware of the Association, including industrial washing machines, tailoring machines, and copy machines. Third, using "paper" as the carrier,



YFY volunteers have accompanied the children of the Taitung Guanshan Family Support Foundation in their studies through video chaperoning since 2015. As of 2022, more than 50 volunteers have participated for a total of over 3,800 hours, showing care for the children's growth and learning.

G(governance)-Corporate governance, YFY focuses on shareholders' rights and interests, and regularly discloses corporate information to the public and operates transparently. On November 13<sup>th</sup>, 2018, YFY's Board of Directors approved the Corporate Governance Guideline and has assigned a dedicated corporate governance team be 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 better understand the company's information.

For YFY, managing corporate image and crisis are mutually dependent and important objectives. Only through the collective efforts of all employees in consistently adhering to ESG circular economy principles can the company actively communicate with the community, the public, and investors, to communicate YFY's Net Zero Circularity based on "Saccharide Economy".

By doing so, the company will foster a robust corporate culture, and stakeholders such as consumers and investors will develop a strong sense of confidence in the company, effectively mitigating both tangible and intangible impacts of 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:**

Benefiting from the trade agreements network of Vietnam and the relocation of the global industrial value chain, the Vietnam entities of Containerboard and Packaging Group expanded their production capacity of printing machines in 2022 to satisfy the increasing need of existing customers as well as develop large foreign customers, with the aims to increase the leader competitive advantage in the carton market, improve the added-value of products and own a diversified customer structure; while increasing the number of customers, we also strengthen our customer credit risk assessment to ensure the recovery of accounts receivable in a systematical approach.

**(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. 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 such risks.

**(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.

**(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
Information Security Team	Implement enterprise information security management, risk prevention and event management, regularly evaluate and verify and report to the board of directors.	Regularly review risks to ensure their stability and effectiveness
ESG's office	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.
New Business Management Office	Emerging business incubation mechanism and management	Manage and enhance the chances of successful development of the new businesses
Chief Operating Officer's Office	Responsible for analyzing the operating performance of the YFY Inc. & Materials Department and various business divisions and providing resources to assist in continuous improvement of their operating results	Operating costs and efficiency of business units, timeliness and cost of material supply.
Procurement	Procurement, logistics, import and export and fixed asset management	Plant expansion, purchase
Corporate Affairs	Corporate internal and external communication, image maintenance	Corporate image
Financial Control Center	Investment evaluation and management, financial management and capital operation.	Economic environment and capital market fluctuations.
Research & Development Center	New product and paper development and technology enhancement	R&D projects and investments
Human Resources Department	Human resources management and organization development	Risks related to management and regulation change
Corporate resources	Administrative general affairs	Risks related to management and regulation change
Legal Department	Legal affairs, contracts, patents and other intellectual property matters, as well as deliberations convened by the board of directors and shareholder meetings.	Laws and policies, litigious and no litigious matters
Accounting Department	Accounting administration	Laws and policies

**VII. Other material disclosures:** None.

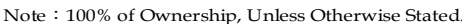
## **Chapter 8. Special Disclosure**

- 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

### (1) Organization chart of affiliates

### DIAGRAM OF INVESTMENT STRUCTURE

DECEMBER 31, 2022



**(II) Basic information of the various affiliated enterprises**

As of December 31, 2022 Unit: thousand NT\$ (NT\$ unless otherwise specified)

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
YFY International B.V.	1989/11/30	Kennedyplein 200, Room 226,5611ZT, Eindhoven, Netherlands	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	Room 16, 23rd Floor, Metropolis Plaza, 2 On Yiu Street, Shek Mun, Sha Tin, New Territories, 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	No. 258 South River Rd., Cheng Jiang Town, Jiang Yin City, Jiangsu	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, Fuzhou, Fujian	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 323,072	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 324,695	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, Zhejiang	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.
Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd.	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	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	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

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 Enterprise (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.
Yuen Foong Yu Papers Enterprise (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	1,886,000	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, electronic 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, Ttdi 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.

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

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`	1,656,814	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`	2,000	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 B.V.	1989/11/30	Kennedyplein 200,Room 226,5611ZT, Eindhoven, Netherlands	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 ( BVI ) Inc.	2005/11/30	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands s VG1110	USD 1,308	General investment.
YFY Jupiter Ltimited	1997/06/02	1501- 2 , 15/F. Yen Sheng Centre, 64 Hoi Yuen Road Kwun Tong, Kowloon, 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, Kowloon, Hong Kong	HKD 10	General investment, packaging design and paper trading.
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	No. 1106-B057, Qianhai Xiangbin Building, No. 18 Zimao West Street, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong	RMB 5,000	Supporting business related to supply chain management.
Jupiter Prestige Group Holdings Limited	2012/05/01	601 London Load, Westcliff-on-sea, Essex, SS0 9PE	GBP 151	General investment.
Jupiter Prestige Group North America Inc.	2005/07/13	404 S 2nd Street, First Floor, St. Charles, IL 60174, USA	USD 1	Graphic design.



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

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Opal BPM Limited	2013/11/08	601 London Load, Westcliff-on-sea, Essex, SS0 9PE	GBP 1	Process system design and support.
Opal BPM India Private Limited	2015/10/21	Level-1, Building No. 10, Tower A, DLF Cyber City, Gurgaon, Gurgaon, Haryana, India, 122002	INR 100	System process coding.
Jupiter Prestige Group Australia PTY Ltd.	2012/01/19	PKF, 440 Collins Street, Melbourne VIC 3000, Australia	AUD 0.1	Graphic design.
Jupiter Prestige Group Europe Ltd.	2003/02/03	601 London Load, Westcliff-on-sea, Essex, SS0 9PE	GBP 30	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 1, 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	Eje Vial Juan Gabriel 5440, Col. Revolución Mexicana, C.P. 32670.Ciudad Juarez, Chihuahua, Mexico	MXN 3	Package design.
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 0	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	Packaging design and paper trading.
YFY RFID Co. Limited	2010/06/25	13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong	USD 29,585	General investment.
Arizon RFID Technology Co., Ltd.	2004/06/11	No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu	RMB 194,290	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 22,000	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.

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

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.	660,600	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 dawning 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 13,000	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
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	66,000	General investment.
Genovella Renewables Inc.	2010/08/30	No. 100, Guanghua Street, Ji-an Township, Hualien	14,000	Fertilizer industry, food retail industry, cultivation industry, refractory material manufacturing industry, cement and concrete product manufacturing industry, building materials and refractory
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) Supply Chain Services Co., Ltd.	2013/07/01	Room 2060, 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.

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

Company Name	Date of establishment	Address	Paid-up capital	Main business or production items
Sustainable Carbohydrate 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 81,366	General investment.
Winsong Packaging Investment Company Ltd.	2018/01/29	16F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, HK	USD 29,100	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 17,900	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	Vistra Corporate Services Centre, Wickhams Cay II Road Town, Tortola VG1110, British Virgin Islands	USD 19,100	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 8,700	Production, printing and sales of all types of paperboard and cardboard boxes
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	2003/11/26	Group 1, Hamlet 8, Binh Son Village, Long Thanh District, Dong Nai Province, Vietnam	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
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.
Foong Chuan Green Energy Co., Ltd.	2022/10/07	No. 281, Yongfu Road, Xinwu District, Taoyuan	50,000	Operate and develop water resources treatment-related businesses.
Ensilience Co., Ltd.	2022/11/08	17F, 51, Chongqing S. Road Sec. 2, Taipei	150,000	Renewable energy self-use power generation equipment industry, electronic material wholesale industry, electronic information supply service industry, energy technology service
Foster and Baylis (Prestige) Ltd.	2008/10/17	601 London Load, Westcliff-on-sea, Essex, SS0 9PE	GBP 0.2	Brand design.

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

December 31, 2022

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

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
YFY International B.V.	Director	Ning-Ning Su		
	Director	David Lo		
YFY Biopulp Technology Ltd.	Director	Felix Ho		
Hwa Fong Paper (Hong Kong) Co., Ltd.	Director	Vincent Chan		
	Director	Jeff Huang		
	Director	Zheng-Zhong Kuang		
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Chairman	Jun-Lang Huang (Representative of YFY International B.V.)	Investment USD 14,006,000	Investment Percentage 94.0
	Director	Raymond Chou (Representative of YFY International B.V.)		
	Director	Shu-Lin Chang (Representative of YFY International B.V.)		
	Director	Vincent Chan (Representative of YFY International B.V.)		
	Director	Hong Ni (Representative of Cheng Jian Town Investment Co., Ltd.)	Investment USD 894,000	Investment Percentage 6.0
	Supervisor	Shao-Yu Chen (Representative of YFY International B.V.)		
	President	Jun-Lang Huang		
YFY Mauritius Corp.	Director	Jean Liu		
	Director	David Lo		
	Director	You-Sheng Chang		
Yuen Foong Yu Paper Enterprise (Fuzhou) Co., Ltd.	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.)		
	President	Yo Wei Chu, chief of plant as proxy		
YFY Packaging (Yangzhou) Investment Co., Ltd.	Chairman	You-Sheng Chang (Representative of YFY Mauritius Corp.)	Investment USD 323,072,235.38	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	Allen Chen (Representative of YFY Mauritius Corp.)		
	President	Jun-Lang Huang		

Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	Chairman	You-Sheng Chang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 324,694,899.74	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Chia-Feng Yeh (Representative of FY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Raymond Chou (Representative of 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 (Representative of YFY Mauritius Corp.)	Investment USD 5,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Mauritius Corp.)		
	Director	Ren-De Fu (Representative of YFY Mauritius Corp.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Mauritius Corp.)		
	President	Hao-Jie Yeh, AVP as proxy		
Yuen Foong Yu Paper Enterprise (Shanghai) Co., Ltd.	Chairman	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Liang-Li Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Liang-Li Chen		
Yuen Foong Yu Paper Enterprise (Suzhou) Co., Ltd.	Chairman	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 7,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Tai-Fan Liu (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Tai-Fan Liu		
Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd.	Chairman	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 11,000,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Tai-Fan Liu (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Tai-Fan Liu		
Yuen Foong Yu Paper Enterprise (Nanjing) Co., Ltd.	Chairman	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,958,825.93	Investment Percentage 89.96
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yi-Hao Chen (Representative of Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd.)	1,000,000	10.04
	Supervisor	Shao-Yu Chen (Representative of 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 (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Chih-Cheng Chang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Hung-Ming Tsu (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Hung-Ming Tsu		
Yuen Foong Yu Paper Enterprise (Tianjin) Co., Ltd.	Chairman	Zhao-Kun Wang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Chih-Cheng Chang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yung-Chih Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yung-Chih Chen		
Yuen Foong Yu Paper Enterprise (Dongguan) Co., Ltd.	Chairman	Zhong-Cheng Dou (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,000,000	Investment Percentage 100.0
	Director	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Cheng-Chia Li (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Cheng-Chia Li		
Yuen Foong Yu Paper Enterprise (Zhongshan) Co., Ltd.	Chairman	Zhong-Cheng Dou (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,000,000	Investment Percentage 100.0
	Director	De-Ming Liao (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Hong-Yi Zhang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Hong-Yi Zhang		
Yuen Foong Yu Papers (Xiamen) Co., Ltd.	Chairman	Zhong-Cheng Dou (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD 6,500,000	Investment Percentage 100.0
	Director	Jun-Lang Huang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Director	Yu-Hsu Chang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)		
	President	Yu-Hsu Chang		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Papers (Guangzhou) Co., Ltd.	Chairman	Zhong-Cheng Dou (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	Investment USD	Investment
	Director	Yun-Wei Wang (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	8,906,250	Percentage
	Director	Ke-Sha Ma (Representative of Guangzhou High-Tech Investment Group Co., Ltd.)	Investment USD	93.75
	Supervisor	Shao-Yu Chen (Representative of YFY Packaging (Yangzhou) Investment Co., Ltd.)	593,750	Investment
	President	Yun-Wei Wang		Percentage
				6.25



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 B.V.)	Investment USD 8,000,000	Investment Percentage 100.0
	Director	Chia-Feng Yeh (Representative of YFY International B.V.)		
	Director	Jui-Chih Huang (Representative of YFY International B.V.)		
	Supervisor	Vincent Chan (Representative of YFY International B.V.)		
	President	Jun-Lang Huang		
YFY Japan Co., Ltd.	Director	Kusakari Akemi (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	David Lo (Representative of YFY Inc.)	188,600,000	100.0
	Director	Yi-Jia Ho (Representative of YFY Inc.)		
	Director	Tao Sheng Wu (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	Tao Sheng Wu		
Fidelis IT Solutions Co., Ltd.	Chairman	Jean Liu (Representative of YFY Inc.)	2,857,000	100.0
	Director	David Lo (Representative of YFY Inc.)		
	Director	Cheng Hsien Chu (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
	President	York Kuo		
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	Xin-Qing Cheng (Representative of YFY Paradigm Investment Co., Ltd.)	9,000	0.07
	Supervisor	Ltd.)		
	President	Y. M. Kuo (Representative of Hwa Yuan Enterprises Co., Ltd.)	3,960,000	32.7
		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	David Lo (Representative of YFY Inc.)		
	Director	Ronald Lee (Representative of YFY Inc.)	5,136,400	1.92
	Director	Shien Xie (Representative of YFY Development Corp.)		
	Independent	Mei Li Su		
	Director			
	Independent	Chih Chien Lin		
	Director			
	Independent	Wan Chuan Hsieh		
	Director			
	President	Ronald Lee		
Yuen Foong Yu Consumer Products Investment Limited	Director	Felix Ho		
	Director	David Lo		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
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	Shien Xie (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	Director	Ronald Lee (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	Supervisor	Pei-Wen Chen (Representative of Yuen Foong Yu Consumer Products Investment Limited)		
	President	Shien Xie		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Family Care (Kunshan) Co., Ltd.	Chairman	Felix Ho (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	Pei-Wen Chen (Representative of YFY Investment Corp. Ltd.)		
	President	Ronald Lee		
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Chairman	Felix Ho (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	Pei-Wen Chen (Representative of YFY Investment Corp. Ltd.)		
	President	Shien-Xie		
Ever Growing Agriculture Biotechnology Co., Ltd.	Chairman	Felix Ho (Representative of YFY Consumer Products Co., Ltd.)	18,245,944	85.0
	Director	Ronald Lee (Representative of YFY Consumer Products Co., Ltd.)		
	Director	Qing-He Chang (Representative of YFY Consumer Products Co., Ltd.)	3,209,775	15.0
	Supervisor	Pao-Yu Hsieh (Representative of Cheng Yu Co., Ltd.)		
	President	Qing-He Chang		
Yuen Foong Shop Co., Ltd.	Chairman	Felix Ho (Representative of YFY Consumer Products Co., Ltd.)	5,000,000	100.0
	Director	Ronald Lee (Representative of YFY Consumer Products Co., Ltd.)		
	Director	Jing-Wen Yan (Representative of YFY Consumer Products Co., Ltd.)		
	Supervisor	Pei-Wen Chen (Representative of YFY Consumer Products Co., Ltd.)		
	President	Ronald Lee		
Yuen Foong Shop (Hong Kong) Co., Ltd.	Director	Yuen Foong Shop Co., Ltd.( Authorized President Ronald Lee is the authorized signatory)		
YFY Consumer Products, Co.	Director	Felix Ho		
	Director	Ronald Lee		
	Director	Pei-Wen Chen		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
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.)		
	Director	Yu Hui Ho (Representative of Ho Shi Investment Co. Ltd.)	1,805,466	1.7
	Independent	Meng-Feng Yen		
	Director			
	Independent	Fan-Tien Cheng		
	Director			
	Independent	Chang-Mou Yang		
	Director			
	President	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	Huey-Ching Yeh (Representative of YFY Inc.)	2,500,000	100.0
	Director	Chuang-Hua Chiu (Representative of YFY Inc.)		
	Director	Zhen-Tsung Hsiao (Representative of YFY Inc.)		
	Supervisor	C. F. Wu (Representative of YFY Inc.)		
YFY Paradigm Investment Co., Ltd.	Chairman	David Lo (Representative of YFY Inc.)	165,681,400	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 Tsai (Representative of YFY Paradigm Investment Co., Ltd.)		
	Supervisor	Vincent Min (Representative of YFY Paradigm Investment Co., Ltd.)		
	President	Hong-Jen Chang		
LiVEBRiCKS Inc.	Chairman	Ronald Lee (Representative of YFY Paradigm Investment Co., Ltd.)	200,002	100.0
	Director	Felix Ho (Representative of YFY Paradigm Investment Co., Ltd.)		
	Director	Pei-Wen Chen (Representative of YFY Paradigm Investment Co., Ltd.)		
	Supervisor	Vincent Min (Representative of YFY Paradigm Investment Co., Ltd.)		
	President	Ronald Lee		
Union Paper Corp.	Chairman	Wei-Yen Liu (Representative of YFY Inc.)	19,584,000	18.9
	Director	Jung-Ming Lin (Representative of YFY Inc.)		
	Director	Rui-He Chen (Representative of YFY Inc.)	1,081,200	1.0
	Director	Hung-Te Chen (Representative of YFY Inc.)		
	Director	Lee-Zhu Chang		
	Supervisor	C. F. Wu (Representative of YFY Paradigm Investment Co., Ltd.)		
	President	Wei-Ye Liu	4,283,232	4.1
YFY RFID Technologies Co., Ltd.	Director	YFY Global Investment B.V.	5,330,000	100.0
YFY Global Investment B.V.	Director	Ning-Ning Su		
	Director	David Lo		
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		
	Director	Scott Smith		
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	Wen-Fu Chen		
Kunshan YFY Jupiter Green Packing Ltd.	Director	Wen-Fu Chen		
	Director	Kuo-Lung Lee		
	Director	Xue-Yi Lu		
	Supervisor	Pei-Ling Dai		
	President	Kuo-Lung Lee		
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		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
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 Chow Kian Giap		
YFY Jupiter Mexico, S. de R.L.	Director Director Director Director	Wen-Fu Chen Pei-Ling Dai Kuo-Lung Lee Mitch Crews		
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		Investment Percentage 20.0
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 B.V. Felix Ho		
Arizon RFID Technology Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor Supervisor President	Felix Ho Bing-Yi Lin Hong-Shi Wen Lin-En Chou Wan-Juan Lin Vincent Min Eric Lin 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.) Nai-Hsia Wu (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 22,000,000	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.	Chairman Director Director Director Independent Director Independent Director Independent Director President	Felix Ho (Representative of YFY Global Investment B.V.) David Lo (Representative of YFY Paradigm Investment Co., Ltd.) Hong-Shi Wen (Representative of YFY Development Corp.) Bing-Yi Lin Brade Lei Brian Lee YD Chiou Bing-Yi Lin	45,944,935 100,000 100,000 950,130	69.55 0.15 0.15 1.44
Chung Hwa Pulp Corp.	Chairman Director Director Director Independent Director Independent Director Independent Director President	Kirk Hwang (Representative of YFY Inc.) Jean Liu (Representative of YFY Inc.) Guu-Fong Lin (Representative of YFY Inc.) Rui-He Chen (Representative of YFY Paradigm Investment Co., Ltd.) Donald Chang Hsiao-Kan Ma Wan-Yu Liu Rui-He Chen/Yoshihiro Akiyama	627,827,989 7,752,732	56.9 0.70
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 Director Director Supervisor President	Guu-Fong Lin (Representative of CHP International (BVI) Corp.) Frank Chi (Representative of CHP International (BVI) Corp.) Kirk Hwang (Representative of YFY International B.V.) Vincent Chan (Representative of YFY International B.V.) Frank Chi	Investment USD 51,378,000 Investment USD 34,252,000	Investment Percentage 60.0 Investment Percentage 40.0
Zhaoqing Dingfung Forestry Co., Ltd.	Chairman Director Director Supervisor President	Guu-Fong Lin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.) Frank Chi (Representative of CHP International (BVI) Corp.) Tsung-Yun Lin (Representative of YFY International B.V.) Vincent Chan (Representative of YFY International B.V.) Guu-Fong Lin	Investment USD 14,500,000 Investment USD 4,428,000 Investment USD 2,952,000	Investment Percentage 66.27 20.24 13.49
Guizhou Yuan Fung Forestry Co., Ltd.	Chairman Director Director Supervisor President	Guu-Fong Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.) Tsung-Yun Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.) Zhen-Yuan Xiao (Representative of Hezhou Chenyuan Forestry Company) Ming-Hui Lin (Representative of Zhaoqing Dingfung Forestry Co., Ltd.) Zhen-Yuan Xiao	Investment USD 8,710 Investment USD 4,290	Investment Percentage 67.0 Investment Percentage 33.0

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	Frank Chi (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Director	Tsung-Yun Lin (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	Supervisor	Ssu-I Hou (Representative of Guangdong Dingfung Pulp & Paper Co., Ltd.)		
	President	Frank Chi		
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.)	6,600,000	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	Yi-Sheng Chiu (Representative of Hwa Fong Investment Co., Ltd.)	Investment 14,000,000	Investment Percentage 100.0
Effion Enertech Co., Ltd.	Chairman	Huey-Ching Yeh (Representative of YFY Inc.)	70,000,000	100
	Vice Chairman	Chuang-Hua Chiu (Representative of YFY Inc.)		
	Director	Jean Liu (Representative of YFY Inc.)		
	Director	Si-Zhi Liu (Representative of YFY Inc.)		
	Director	Wen-Zheng Chien (Representative of YFY Inc.)		
	Supervisor	Vincent Min (Representative of YFY Inc.)		
YFY Capital Holdings Corp.	Director	Melody Chiu		
YFY (Shanghai) Commercial Factoring Co., Ltd.	Chairman	Raymond Chou (Representative of YFY Capital Holdings Corp.)	Investment RMB 50,000,000	Investment Percentage 100.0
	Director	Allen Chen (Representative of YFY Capital Holdings Corp.)		
	Director	Shao-Yu Chen (Representative of YFY Capital Holdings Corp.)		
	Supervisor	Vincent Chan (Representative of YFY Capital Holdings Corp.)		
	President	Raymond Chou		
YFY Corporate Advisory & Services Co., Ltd.	Chairman	David Lo (Representative of YFY Inc.)	3,000,000	100.0
	Director	Claudia Kung (Representative of YFY Inc.)		
	Director	Jeff Huang (Representative of YFY Inc.)		
	Supervisor	Vincent Chan (Representative of YFY Inc.)		
	President	David Lo		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Sustainable Carbohydrate Innovation Co., Ltd.	Chairman Director Director Supervisor President	Ya-Hui Huang (Representative of YFY Inc.) Kirk Hwang (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.) Davie Lo (Representative of YFY Inc.) Cheng-Hsien, Chu (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	Tian Wang Wu (Representative of YFY Cayman Co., Ltd.)	20,370,000	70.0
	Director	Tsung-Min Chang (Representative of YFY Cayman Co., Ltd.)		
	Director	Che-Hsiang Chang (Representative of YFY Cayman Co., Ltd.)		
	Director	Chih-Bang Chang (Representative of Up High Developments Limited)	8,730,000	30.0
YFY Packaging (Ha Nam) Co., Ltd.	Director	Yu-Wei Chang (Representative of Up High Developments Limited)		
	Chairman	Tsung-Min Chang (Representative of Winsong Packaging Investment Company Ltd.)	17,900,000	100.0
	Director	Che-Hsiang Chang (Representative of Winsong Packaging Investment Company Ltd.)		
YFY Packaging Thai Binh Co., Ltd.	President	Liang-Hsing Huang		
	Chairman	Tsung-Min Chang (Representative of Winsong Packaging Investment Company Ltd.)	1,200,000	100.0
	Director	Che-Hsiang Chang (Representative of Winsong Packaging Investment Company Ltd.)		
Willpower Industries Limited	President	Liang-Hsing Huang		
	Chairman	Chuang-Hua Chiu (Representative of YFY Cayman Co., Ltd.)	19,100,000	100.0
	Director	Tsung-Min Chang (Representative of YFY Cayman Co., Ltd.)		
	Director	Che-Hsiang Chang (Representative of YFY Cayman Co., Ltd.)		
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	President	Tsung-Min Chang		
	Chairman	Tsung-Min Chang (Representative of Willpower Industries Limited)	8,700,000	100.0
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	President	Ruei-Hung Wang		
	Chairman	Che-Hsiang Chang (Representative of Yuen Foong Yu paper Enterprise (Vietnam) Co., Ltd.)	10,000,000	100.0
	President	Ching-San Chang		

Company name	Title	Name or representative	Shares held	
			Number of shares	Percent shares (%)
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Chairman	Che-Hsiang Chang (Representative of Yuen Foong Yu paper Enterprise (Vietnam) Co., Ltd.)	1,200,000	100.0
	President	Chih-Ling You		
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Chairman	Tsung-Min Chang (Representative of Willpower Industries Limited)	10,500,000	100.0
	President	Ruei-Hung Wang		
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.)		
	Supervisor	Li Yin Ho (Representative of YFY Paradigm Investment Co., Ltd.)	10,000	0.03
	President	Yuan-Huang Chang		
Foong Chuan Green Energy Co., Ltd.	Chairman	Chuang-Hua Chiu (Representative of Effion Enertech Co., Ltd.)	4,750,000	95.0
	Director	Si-Zhi Liu (Representative of Effion Enertech Co., Ltd.)		
	Director	Wen-Zheng Chien (Representative of Effion Enertech Co., Ltd.)		
	Supervisor	Pai-Wei Hong (Representative of San Ying Enterprise Co., Ltd.)	250,000	5.0
Ensilienc Co., Ltd.	Chairman	Huey-Ching Yeh (Representative of YFY Inc.)	15,000,000	100.0
	Director	Jean Liu (Representative of YFY Inc.)		
	Director	Jack Su (Representative of YFY Inc.)		
	Supervisor	David Lo (Representative of YFY Inc.)		
	President	Jack Su (Representative of YFY Inc.)		
Foster and Baylis (Prestige) Ltd.	Director	Mark Raymond White		
	Director	Harvey Foster	100	49.02

## (IV) Financial overview and performance of affiliated companies

December 31, 2022 Unit: NT\$ thousand

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
YFY International B.V.	11,168,909	14,921,035	111,808	14,809,227	-	(18,756)	(1,130,825)	(3.11)
YFY Biopulp Technology Limited	4,607	171	-	171	-	(82)	(89)	(0.59)
Hwa Fong Paper (Hong Kong) Co., Ltd.	456,808	34,088	829	33,259	-	(13,884)	(13,382)	(0.12)
YFY Paper MFG. (Jiangyin) Co., Ltd.	457,579	367,126	3,068	364,058	-	(1,924)	5,376	
YFY Mauritius Corp.	9,596,928	4,782,339	2,420	4,779,919	-	(2,694)	(1,292,830)	(4.14)
Yuen Foong Yu Paper Enterprise (Fuzhou) Co., Ltd.	153,550	196,141	468,155	(272,014)	140,168	(46,368)	(61,249)	
YFY Packaging (Yangzhou) Investment Co., Ltd.	9,921,541	11,339,194	6,402,091	4,937,103	8,766,205	54,928	(1,199,902)	
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	9,971,383	13,829,392	12,605,238	1,224,154	10,966,820	(1,323,923)	(1,441,648)	
Yuen Foong Yu Paper Enterprise (Shanghai) Co., Ltd.	245,680	782,008	420,988	361,020	840,277	51,793	69,115	
Yuen Foong Yu Paper Enterprise (Suzhou) Co., Ltd.	214,970	569,379	324,784	244,595	806,266	(7,310)	(9,301)	
Yongfeng Yu Paper ( Kunshan ) Company	337,810	509,005	98,362	410,643	466,124	(28,065)	(2,737)	
Yuen Foong Yu Paper Enterprise (Nanjing) Co., Ltd.	305,841	1,013,605	609,104	404,501	1,177,180	84,963	66,617	
Yuen Foong Yu Paper Enterprise (Qingdao) Co., Ltd.	245,680	584,392	175,990	408,402	719,409	42,121	41,734	
Yuen Foong Yu Paper Enterprise (Tianjin) Co., Ltd.	245,680	656,250	242,909	413,341	969,076	59,929	62,258	
Yuen Foong Yu Paper Enterprise (Dongguan) Co., Ltd.	184,260	579,723	310,045	269,678	884,686	14,356	19,294	
Yuen Foong Yu Paper Enterprise (Zhongshan) Co., Lt.	184,260	839,665	460,576	379,089	930,523	68,423	63,980	
Yuen Foong Yu Papers (Xiamen) Co., Ltd.	199,615	313,961	69,833	244,128	610,310	(21,055)	(12,836)	
Yuen Foong Yu Papers (Guangzhou) Co., Ltd.	291,745	869,461	500,496	368,965	1,381,262	30,247	20,893	
Yuen Foong Yu Papers (Jiaxin) Co., Ltd.	153,550	436,070	351,260	84,810	532,521	(29,752)	(31,547)	
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	245,680	105,539	247	105,292	-	(846)	2,798	
YFY Japan Co., Ltd.	2,324	97,987	29,959	68,028	232,213	(4,896)	(4,072)	(20,360.00)
YFY Development Corp.	1,886,000	6,481,239	1,676,658	4,804,581	792,105	(77,002)	374,842	1.99
Fidelis IT Solutions Co., Ltd.	28,570	137,188	51,340	85,848	154,255	13,055	12,349	4.32
Yuen Yan Paper Co., Ltd.	121,275	144,078	1,310	142,768	-	(3,104)	6,422	0.53
Ensilience Co., Ltd.	150,000	150,034	41	149,993	-	(94)	(7)	(0.00)
China Color Printing Co., Ltd.	662,486	1,143,614	210,862	932,752	398,808	(5,678)	8,921	0.13
YFY Consumer Products Co., Ltd.	2,671,290	7,577,175	2,257,135	5,320,040	6,513,546	863,394	681,920	2.55
Yuen Foong Yu Consumer Products Investment Limited	4,606,899	3,207,155	-	3,207,155	-	-	(110,636)	(0.74)
YFY Investment Co., Ltd.	3,531,650	2,869,154	725,679	2,143,475	4,962,969	(191,238)	(135,182)	
Yuen Foong Yu Family Care (Kunshan) Co., Ltd.	921,300	367,533	74,560	292,973	640,890	8,397	11,818	
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	921,300	1,673,388	427,396	1,245,992	2,810,697	95,152	73,435	
Ever Growing Agriculture Biotechnology Co., Ltd.	214,557	464,623	141,156	323,467	331,882	62,154	50,713	2.36
Yuen Foong Shop Co., Ltd.	50,000	397,878	291,915	105,963	1,198,542	53,521	45,898	9.18
Yuen Foong Shop (Hong Kong) Co., Ltd.	-	-	-	-	-	-	-	
YFY Consumer Products, Co.	-	-	-	-	-	-	-	
Shin Foong Specialty and Applied Materials Co., Ltd.	1,061,741	6,475,451	518,784	5,956,667	1,702,563	198,683	174,993	1.65
Shin Foong Trading Sdn. Bhd.	10,049	17,462	6,395	11,067	8,166	20	(169)	(0.11)
San Ying Enterprise Co., Ltd.	25,000	50,573	880	49,693	-	(1,461)	(189)	(0.08)
YFY Paradigm Investment Co., Ltd.	1,656,814	4,132,291	625,273	3,507,018	-	(27,006)	193,995	1.17
YFY Biotech Management Company	264,300	227,866	3,376	224,490	6,716	(15,487)	(13,946)	(0.53)
Livebricks Inc.	2,000	2,003	83	1,920	204	39	57	0.28
Union Paper Corp.	1,035,300	1,756,264	482,829	1,273,435	1,973,957	(563)	7,301	0.07

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
YFY Global Investment B.V.	2,426,090	7,103,693	27,174	7,076,519	-	(15,389)	498,634	6.31
YFY RFID Technologies Co., Ltd.	163,684	11,075	(11)	11,086	-	(208)	(209)	(0.04)
YEON Technologies Co., Ltd.	25,000	4,692	(7)	4,699	-	(35)	-	-
YFY Jupiter (BVI) Inc.	40,867	1,101,925	91,238	1,010,687	-	(22,644)	275,066	22.20
YFY Jupiter Limited	-	1,055,833	833,155	222,678	1,692,644	86,150	129,769	43,256,333.33
YFY Jupiter US, Inc.	31	73,031	24,202	48,829	63,369	17,011	16,661	166.61
Mobius105 Ltd.	39	404,942	129,320	275,622	410,203	(3,578)	289,670	28,967.00
YFY Jupiter Trading (Shenzhen) Ltd.	10,749	335,586	142,713	192,873	870,260	13,684	152,224	
Kunshan YFY Jupiter Green Packing Ltd.	8,819	343,679	266,764	76,915	1,059,703	55,921	42,727	
Jupiter Supply Chain Management Services (Shenzhen) Co.	22,047	68,194	13,442	54,752	-	24,360	21,740	
Jupiter Prestige Group Holdings Limited	5,607	263,875	6,546	257,329	14,748	(5,478)	95,017	628.57
Jupiter Prestige Group North America Inc.	31	63,682	27,168	36,514	106,170	21,492	33,768	337.68
Opal BPM Limited	37	71,434	42,203	29,231	90,296	31,861	26,884	26,884.00
Opal BPM India Private Limited	37	6,681	1,952	4,729	834	1,507	1,222	122.20
Jupiter Prestige Group Australia Pty Ltd.	2	30,498	17,784	12,714	95,354	8,358	6,408	64,080.00
Jupiter Prestige Group Europe Limited	1,113	158,469	20,305	138,164	73,528	5,379	36,838	1,227.93
Jupiter Prestige Group Asia Limited	-	136,251	43,476	92,775	234,953	31,034	30,728	307,280.00
YFY Jupiter Malaysia Sdn. Bhd.	6,699	158,763	89,420	69,343	426,757	49,343	38,060	38.06
YFY Jupiter Mexico, S. de R. L.	5	444,592	506,430	(61,838)	527,281	(10,572)	(14,038)	
Foster and Balyis (Prestige) Limited	8	28,954	13,379	15,575	21,241	2,517	6,021	29,514.71
Opal BPM Consulting Limited	37	31	-	31	-	-	-	-
Contrast LLC	19,593	35,130	15,517	19,613	63,049	12,500	12,458	
YFY Jupiter Indonesia, PT PMA	4,925	157,365	107,922	49,443	417,642	12,635	15,409	6,163.60
Jupiter Vietnam Company Limited	1,468	33,552	28,853	4,699	65,473	2,149	1,729	
Arizon RFID Technology (Cayman) Co., Ltd.	66,060	4,020,646	13,315	4,007,331	-	(41,543)	338,638	5.13
YFY RFID Co. Limited	908,552	3,983,203	-	3,983,203	-	(525)	380,768	14.87
Arizon RFID Technology Co., Ltd.	856,710	4,412,318	467,076	3,945,242	1,902,992	413,315	381,158	1.96
Yangzhou YEON Technologies Co., Ltd.	35,276	64,647	2,177	62,470	17,529	291	3,183	
Arizon RFID Technology (Hong Kong) Co., Ltd.	675,620	552,594	96,931	455,663	300,225	(49,961)	(46,103)	(2.10)
Arizon Japan Co., Ltd.	11,620	13,772	7,608	6,164	46,398	(755)	(674)	(674.00)
Chung Hwa Pulp Corp.	11,028,353	32,271,141	16,486,699	15,784,442	20,363,170	(29,551)	445,934	0.41
CHP International (BVI) Corporation	1,874,537	5,240,211	451	5,239,760	-	(398)	129,278	2.12
Guangdong Dingfung Pulp & Paper Co., Ltd.	2,629,697	5,989,016	1,279,757	4,709,259	2,861,321	202,750	220,788	
Zhaoqing Dingfung Forestry Co., Ltd.	671,935	3,655,488	634,777	3,020,711	612,371	40,333	40,333	
Guizhou Yuan Fung Forestry Co., Ltd.	57,323	58,265	942	57,323	-	-	-	
Shenzhen Jinglun Paper Co., Ltd.	14,110	938,794	801,167	137,627	1,574,583	10,259	4,112	
Zhaoqing Xinchuan Green Technology Co., Ltd.	8,819	16,103	68	16,035	49,311	4,985	4,863	
Syntax Communication (H.K.) Ltd.	134,239	11,174	2,852	8,322	15,224	(2,024)	(1,460)	(0.04)
Hwa Fong Investment Co., Ltd.	66,000	160,042	41,180	118,862	-	(182)	24,249	3.67
Genovella Renewables Inc.	14,000	38,836	17,040	21,796	52,128	(299)	3,407	
Effion Enertech Co., Ltd.	700,000	524,875	20,118	504,757	-	(7,579)	17,441	0.25
YFY Capital Holdings Corp.	247,523	120,200	-	120,200	-	(28)	31,080	3,856.08

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	EPS
YFY (Shanghai) Supply Chain Services Co., Ltd.	220,472	120,070	58	120,012	-	22,514	31,108	
Foong Chuan Green Energy Co., Ltd.	50,000	50,026	61	49,965	-	(100)	(34)	(0.01)
YFY Corporate Advisory & Services Co., Ltd.	30,000	102,491	55,534	46,957	179,878	18,253	16,119	5.37
Sustainable Carbohydrate Innovation Co., Ltd.	30,000	42,776	9,648	33,128	47,204	3,256	3,683	1.23
YFY Packaging Inc.	4,101,500	18,766,430	11,987,715	6,778,715	13,243,343	201,856	317,187	0.77
YFY Cayman Co., Ltd.	2,498,738	2,547,218	15	2,547,203	-	(260)	182,445	2.24
Winsong Packaging Investment Company Ltd.	893,661	864,099	3,469	860,630	-	(212)	(6,974)	(0.24)
YFY Packaging (Ha Nam) Co., Ltd.	549,709	1,364,797	870,243	494,554	1,519,071	42,738	(15,498)	(0.87)
YFY Packaging Thai Binh Co., Ltd.	36,852	110,246	48,672	61,574	333,385	9,895	8,017	6.68
Willpower Industries Limited	586,561	1,921,436	18,614	1,902,822	-	(834)	187,470	9.82
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	267,177	2,057,159	610,718	1,446,441	1,916,604	135,886	208,989	24.02
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	307,100	1,309,337	634,999	674,338	1,810,030	157,927	112,692	11.27
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	36,852	142,726	33,487	109,239	384,092	10,302	8,848	7.37
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	322,455	1,150,520	837,524	312,996	1,470,310	31,704	149	0.01
Pek Crown Paper Co., Ltd.	300,000	1,012,576	427,997	584,579	1,446,040	59,230	49,863	1.66



(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, 2022 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, 2023

**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, 2022 and 2021 and  
Independent Auditors' Report**

# YFY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, 2023.

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group 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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

#### 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) share of the assets (including any goodwill) less liabilities and any non-controlling interests of the former subsidiary at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

Refer to Note 14 and Tables 8 and 9 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 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 is reclassified to 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 that does not result in the Company losing control, 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.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and if the exchange transaction has commercial substance.

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.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as investment properties and if the exchange transaction has commercial substance.

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

The Group considers the possible impact of the recent development of the COVID-19 and the 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 revision and future periods if the revisions affect both current and future periods.

### Estimated Impairment of Accounts Receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. 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.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 19,816	\$ 17,244
Checking accounts and demand deposits	3,889,054	4,313,350
Cash equivalents		
Time deposits	4,705,393	2,005,996
Repurchase agreements collateralized by bonds	<u>84,000</u>	<u>197,500</u>
	<u>\$ 8,698,263</u>	<u>\$ 6,534,090</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<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	\$ 171,541	\$ 3,555
Currency exchange contracts	-	237
Non-derivative financial assets		
Mutual funds	492,002	1,516,927
Hybrid financial assets		
Structured deposits	<u>251,300</u>	<u>1,505,742</u>
	<u>\$ 914,843</u>	<u>\$ 3,026,461</u>

### Financial liabilities at FVTPL - current

Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 45,843</u>	<u>\$ 69,687</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2022</u>			
Buy	USD:RMB	2023.01.12-2023.06.30	USD36,800
Buy	USD:VND	2023.01.17	USD3,000
Buy	JPY:USD	2023.02.24	JPY200,000
Sell	USD:NTD	2023.01.13-2023.03.15	USD41,700
Sell	RMB:USD	2023.01.05-2023.12.15	RMB1,877,780
Sell	RMB:NTD	2023.01.12-2023.03.31	RMB67,300
Sell	EUR:NTD	2023.01.30-2023.02.06	EUR11,000
<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

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>	
	2022	2021
<u>Investments in equity instruments at FVTOCI - current</u>		
Domestic investments		
Listed shares	\$ 7,967,004	\$ 7,675,476
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares	\$ 12,210,429	\$ 11,073,719
Unlisted shares	<u>5,814,280</u>	<u>4,711,909</u>
	18,024,709	15,785,628
Foreign investments		
Unlisted shares	<u>108,049</u>	<u>133,885</u>
	<u>\$ 18,132,758</u>	<u>\$ 15,919,513</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months and not exceeding 1 year	\$ 2,824,865	\$ 4,135,193
Time deposits with original maturities of more than 1 year	<u>220,472</u>	<u>217,074</u>
	<u>\$ 3,045,337</u>	<u>\$ 4,352,267</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 1,918,107</u>	<u>\$ 434,148</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months and not exceeding 1 year were 0.76%-5.07% and 0.18%-2.10%, 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 3.10%-3.99% and 3.96%-3.99%, respectively, as at the end of the reporting period.

# 10. NOTES RECEIVABLES AND ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Notes receivable</u>		
Notes receivable	\$ 2,842,908	\$ 4,431,956
Less: Allowance for impairment loss	<u>(765)</u>	<u>(765)</u>
	<u>\$ 2,842,143</u>	<u>\$ 4,431,191</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 12,381,434	\$ 13,381,480
Less: Allowance for impairment loss	<u>(261,310)</u>	<u>(289,384)</u>
	<u>\$ 12,120,124</u>	<u>\$ 13,092,096</u>

Notes receivable and accounts receivable were generated by operating activities.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

## December 31, 2022

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 12,818,076	\$ 2,084,951	\$ 71,712	\$ 47,278	\$ 202,325	\$ 15,224,342
Loss allowance (Lifetime ECLs)	<u>(34,333)</u>	<u>(10,924)</u>	<u>(6,774)</u>	<u>(7,883)</u>	<u>(202,161)</u>	<u>(262,075)</u>
Amortized cost	<u>\$ 12,783,743</u>	<u>\$ 2,074,027</u>	<u>\$ 64,938</u>	<u>\$ 39,395</u>	<u>\$ 164</u>	<u>\$ 14,962,267</u>

## December 31, 2021

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 290,149	\$ 430,271
Less: Net remeasurement of loss allowance	(22,833)	(44,050)
Less: Amounts written off	(10,422)	(94,928)
Effect of foreign currency exchange differences	<u>5,181</u>	<u>(1,144)</u>
Balance at December 31	<u>\$ 262,075</u>	<u>\$ 290,149</u>

For the years ended December 31, 2022 and 2021, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$2,250,718 thousand and \$1,294,493 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.

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Materials	\$ 5,393,291	\$ 5,190,371
Finished and purchased goods	5,298,000	5,581,643
Work-in-process	<u>1,181,024</u>	<u>933,036</u>
	<u>\$ 11,872,315</u>	<u>\$ 11,705,050</u>

The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$61,741 thousand and inventory write-downs reversed of \$7,844 thousand, respectively. Write-downs were reversed as a result of increased selling prices in 2021.

## 12. BIOLOGICAL ASSETS

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,193,535	\$ 3,327,526
Increases due to planting	327,924	200,732
Gain (loss) on changes in fair value less costs to sell	(2,403)	3,395
Decreases due to harvesting	(313,264)	(320,333)
Effect of foreign currency exchange differences	<u>49,919</u>	<u>(17,785)</u>
Balance at December 31	<u>\$ 3,255,711</u>	<u>\$ 3,193,535</u>

The biological assets and their fair values measured on a recurring basis (before deducting costs to sell) were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Eucalyptus (Level 3)	<u>\$ 3,359,818</u>	<u>\$ 3,295,021</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,295,021	\$ 3,437,755
Increases due to planting	355,779	214,819
Gain (loss) on changes in fair value less costs to sell	(2,608)	3,633
Decreases due to harvesting	(339,876)	(342,813)
Effect of foreign currency exchange differences	<u>51,502</u>	<u>(18,373)</u>
Balance at December 31	<u>\$ 3,359,818</u>	<u>\$ 3,295,021</u>

The financial risks related to biological assets arose from the estimation of eucalyptus volume since the method used in estimation is highly uncertain.

### 13. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

#### **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.

#### a. Consideration received from disposal

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

b. 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>

c. 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>

d. 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>



## 14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements (for the diagram of investment structure of the Group as at December 31, 2022, refer to Table 1):

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
YFY Inc.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	57.8	57.8	
	YFY International B.V.	Investment and holding.	100.0	100.0	
	YFY Global Investment B.V.	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	59.1	14)
	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex.	48.0	48.0	1)
	China Color Printing Co., Ltd.	Design and printing of magazines, posters and books.	49.7	49.7	1)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	100.0	49.0	18)
	YFY Development Corp.	Real estate investment and development.	100.0	100.0	3)
	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	
	San Ying Enterprise Co., Ltd.	Design and construction of water processing and environmental facilities.	100.0	100.0	
	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	
	Fidelis IT Solutions Co., Ltd.	a. Provides services in information software and information processing. b. Wholesale of information software and electric appliances.	100.0	100.0	
	Sustainable Carbohydrate Innovation Co., Ltd.	Researching and development.	100.0	100.0	
	YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper.	100.0	100.0	3)
	Ensilience Co., Ltd.	Renewable energy self-use power generation equipment industry, energy technology service industry.	100.0	-	23)
YFY International B.V.	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	
	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.	YFY Mauritius Corp.	Investment and holding.	100.0	100.0	
	YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding.	100.0	100.0	2)
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper.	-	-	2)
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard.	-	-	2)
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper.	100.0	100.0	2)
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	93.8	93.8	2)
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard.	100.0	100.0	2)
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard.	90.0	90.0	2)
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	19)
	YFY Packaging Capital Corp.	Investment and holding.	-	-	6)
	Winsong Packaging Investment Company Limited	Investment and holding.	70.0	70.0	
	Willpower Industries Ltd.	Sale of various paper products.	100.0	100.0	11)
	YFYPack Advance Ltd.	Investment and holding.	-	100.0	8)
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 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	58.3	7)
	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 US, Inc.	YFY Jupiter Indonesia, PT PMA	Design of packaging.	1.0	1.0	
	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	25)
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 in graphic design.	82.5	82.5	
	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper.	100.0	100.0	
	Foster and Baylis (Prestige) Limited	Graphic design.	50.98	33.3	21)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Jupiter Prestige Group North America Inc.	Contrast LLC	Brand design.	80.0	80.0	9)
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.	-	-	4)
YFY Paper Enterprise (Xiamen) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements.	-	-	4)
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	Investment and holding.	-	100.0	24)
	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	
YFY Global Investment B.V.	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding.	69.55	-	13) and 20)
	YFY RFID Co. Limited	Investment and holding.	-	86.5	13)
	YFY Jupiter (BVI) Inc.	Investment and holding.	83.7	85.3	12)
	YFY RFID Technologies Co., Ltd.	Investment and holding.	100.0	100.0	
Arizon RFID Technology (Cayman) Co., Ltd.	YFY RFID Co. Limited	Investment and holding.	100.0	-	13)
YFY RFID Co. Limited	Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products.	99.98	99.98	13)
	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding.	-	100.0	13)
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 technical consulting services.	100.0	100.0	
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Sale and design of RFID (radio frequency identification) products.	100.0	100.0	
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 in e-commerce.	100.0	100.0	
	YFY Consumer Products, Co.	IP management and sale of consumer products by e-commerce.	100.0	100.0	5)
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper.	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins.	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins.	100.0	100.0	
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.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business.	0.1	0.1	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper-related merchandise.	1.9	1.9	14)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	-	1.0	18)
	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding.	0.15	-	20)
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	Investment and holding.	100.0	100.0	
	Foong Chuan Green Energy Co., Ltd.	Waste (pollution) water treatment industry, resource recycling industry, environmental testing service industry.	95.0	-	22)
YFY Capital Holdings Corp.	YFY (Shanghai) Supply Chain Management Co., Ltd. (originally named as YFY (Shanghai) Financial Services Co., Ltd.)	Supply chain management information and business management related consulting services.	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
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	
	Livebricks Inc.	Information processing services.	100.0	100.0	14)
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper-related merchandise.	6.5	6.5	
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials.	0.07	0.07	
Yuen Foong Shop Co., Ltd.	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers.	0.03	0.03	20)
	Arizon RFID Technology (Cayman) Co., Ltd.	Investment and holding.	0.15	-	
	Shanghai YFY International Trade Co., Ltd.	General trade.	-	-	
	Yuen Foong Shop (HK) Limited	General trade.	100.0	100.0	
	Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon.	-	-	15)
	Foong Chuan Green Energy Co., Ltd.	Waste (pollution) water treatment industry, resource recycling industry, environmental testing service industry.	5.0	-	
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Investment and holding.	100.0	100.0	18)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	-	49.0	
CHP International (BVI) Corporation	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	
Hwa Fong Investment Co., Ltd.	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise.	100.0	100.0	18)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology.	-	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	
Guangdong Dingfung Pulp & Paper Co., Ltd.	Union Paper Corp.	Manufacture and sale of paper.	7.6	4.1	1) and 17)
	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	67.0	16)

(Concluded)

**Remarks:**

- 1) Shin Foong Specialty and Applied Materials Co., Ltd., 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.

- 2) In order to improve the investment management efficiency and management performance of packaging business in mainland China, the Company's board of directors approved the investment structure adjustment of packaging business in mainland China in December 2020. The Company proceeds with the investment structure adjustment which included 11 subsidiaries with YFY Packaging (Yangzhou) Investment Co., Ltd. as the holding company. The application was approved by the competent authority in March 2021 and the above process was completed in December 2021.
- 3) In order to specialize on its major business operation, the Company's board of directors approved the "division spin-off capital reduction proposal" that spin-off assets, liabilities and business operation of the Chenggong plant of YFY Packaging Inc., integrate them into YFY Development Corp. and issue new shares by YFY Development Corp. as the consideration for the transfer of the division in January 2021. The above process has been finished in January 2021.
- 4) 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 27.
- 5) YFY Consumer Products, Co. was established in February 2021 and has been included in the consolidated financial statements since then.
- 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.
- 7) 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%.
- 8) YFYPack Advance Ltd. was established in May 2021 and has been included in the consolidated financial statements since then. YFYPack Advance Ltd. was liquidated in response to the Group's operational strategy. Due to the Group's loss of control, it has not been included in the consolidated financial statements since January 2022.
- 9) 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%.
- 10) In order to respond the changes in the mainland China market, the board of directors of the subsidiary, Yuen Foong Shop Co., Ltd., resolved to dispose of all of its ownership of Shanghai YFY International Trade Co., Ltd. in July 2021. The disposal was completed in August 2021.
- 11) 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%.
- 12) Due to the equity changes such as YFY Jupiter (BVI) Inc. purchase of treasury shares and implement treasury shares to employees, the shareholdings ratio of the YFY Global Investment B.V. in YFY Jupiter (BVI) Inc. were changed.
- 13) In September 2021, the Company's board of directors approved the resolution of submitting the listed application of the Arizon RFID Technology Co., Ltd. on the stock exchange in Taiwan, in October 2021 established Arizon RFID Technology (Cayman) Co., Ltd. and carried out a restructuring of the organization. After the adjustment, Arizon RFID Technology (Cayman) Co., Ltd. are expected to be the main entity listed in Taiwan. The submission application was completed in October 2022. Due to the restructuring, part of the shareholding ratio was changed, but the Group did not cease to have control over these subsidiaries.

- 14) Due to the equity changes, the Group's subscription of additional shares of Yuen Foong Yu Consumer Products Co., Ltd. at a percentage different from its existing ownership percentage in September 2021, the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. was reduced to 66.9%. In October 2021, the Group acquired 0.6% shareholding in Yuen Foong Yu Consumer Products Co., Ltd., and the shareholding ratio of the Group in Yuen Foong Yu Consumer Products Co., Ltd. increased to 67.5%.
- 15) 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.
- 16) Guizhou Yuanfung Forestry Co., Ltd. was established in December 2021 and included in the consolidated financial statements.
- 17) Hwa Fong Investment Co., Ltd. acquired 4.08% and 3.5% ownership of Union Paper Corp. respectively, in 2021 and 2022. Thus, the shareholding ratio of the Hwa Fong Investment Co., Ltd. in Union Paper Corp. was increased to 7.6%.
- 18) In order to improve management performance, the Group carried out a restructuring of the organization. Chung Hwa Pulp Corporation, YFY Development Corp. and Hwa Fong Investment Co., Ltd. sold their shares in Effion Enertech Co., Ltd. to the Company. The above process was completed in March 2022.
- 19) YFY International Labuan Co., Ltd. entered the liquidation in August 2022. Due to the Group's loss of control, it has not been included in the consolidated financial statements since August 2022.
- 20) Due to the equity changes, the Group subscribed additional shares of Arizon RFID Technology (Cayman) Co., Ltd. at a percentage different from its existing ownership percentage in August 2022 and YFY Global Investment B.V. disposed of some of its shares in Arizon RFID Technology (Cayman) Co., Ltd. to YFY Development Corp., YFY Paradigm Investment Co., Ltd., specific investors and financial investors. As a result, the shareholding ratio of the Group in Arizon RFID Technology (Cayman) Co., Ltd. was reduced to 69.85%, which include its shareholding ratio of 69.55% in YFY Global Investment B.V., 0.15% in YFY Development Corp. and 0.15% in YFY Paradigm Investment Co., respectively. Arizon RFID Technology (Cayman) Co., Ltd. was deemed a subsidiary since the Group did not cease to have control over this subsidiary.
- 21) Jupiter Prestige Group Holdings Limited acquired ownership of Foster and Baylis (Prestige) Limited and purchase of treasury shares of Foster and Baylis (Prestige) Limited to write down. The shareholding ratio of the Group in Foster and Baylis (Prestige) Limited was increase from 33.3% to 50.98% and has been included in the consolidated financial statements since October 2022.
- 22) Foong Chuan Green Energy Co., Ltd. has been included in the consolidated financial statements since October 2022.
- 23) Ensilience Co., Ltd. has been included in the consolidated financial statements since November 2022.
- 24) YFY International Labuan Co., Ltd. entered the liquidation in November 2022. Due to the Group's loss of control, it has not been included in the consolidated financial statements since November 2022.
- 25) Spectiv Brands, LLC entered the liquidation in December 2022. Due to the Group's loss of control, it has not been included in the consolidated financial statements since December 2022.

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

Except for YFY Japan Co., Ltd., the 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	
	2022	2021
Chung Hwa Pulp Corporation	41.4%	41.4%
<u>Chung Hwa Pulp Corporation and subsidiaries</u>		
	December 31	
	2022	2021
Current assets	\$ 15,935,904	\$ 14,411,937
Non-current assets	19,503,267	19,556,519
Current liabilities	(6,343,318)	(13,203,844)
Non-current liabilities	(11,001,243)	(3,131,048)
Equity	18,094,610	17,633,564
Consolidated adjustments	94,109	94,109
Adjusted equity	<u>\$ 18,188,719</u>	<u>\$ 17,727,673</u>
Equity attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 9,302,544	\$ 9,117,982
Non-controlling interests of Chung Hwa Pulp Corporation	6,576,007	6,445,539
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>2,310,168</u>	<u>2,164,152</u>
	<u>\$ 18,188,719</u>	<u>\$ 17,727,673</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 23,651,129</u>	<u>\$ 22,031,850</u>
Profit for the year	\$ 539,691	\$ 463,373
Other comprehensive income for the year	<u>353,398</u>	<u>186,137</u>
Total comprehensive income for the year	<u>\$ 893,089</u>	<u>\$ 649,510</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 269,035	\$ 295,152
Non-controlling interests of Chung Hwa Pulp Corporation	176,899	193,079
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>93,757</u>	<u>(24,858)</u>
	<u>\$ 539,691</u>	<u>\$ 463,373</u>
Total comprehensive income attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 463,427	\$ 411,093
Non-controlling interests of Chung Hwa Pulp Corporation	302,557	275,040
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>127,105</u>	<u>(36,623)</u>
	<u>\$ 893,089</u>	<u>\$ 649,510</u>
Net cash inflow from:		
Operating activities	\$ 482,053	\$ 498,275
Investing activities	(873,341)	(1,447,890)
Financing activities	646,203	1,100,943
Effects of exchange rate changes	<u>14,253</u>	<u>(1,804)</u>
Net cash inflow	<u>\$ 269,168</u>	<u>\$ 149,524</u>
Dividends paid to non-controlling interests	<u>\$ 182,693</u>	<u>\$ -</u>
		(Concluded)

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Material associates		
E Ink Holdings Inc.	\$ 7,327,912	\$ 5,948,270
Associates that are not individually material	<u>138,314</u>	<u>154,531</u>
	<u>\$ 7,466,226</u>	<u>\$ 6,102,801</u>

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

### a. Material associates

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
E Ink Holdings Inc.	16.2%	16.2%



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

In 2013, the Group increased its investment in E Ink Holdings Inc. by buying 40,000 thousand shares of the investee's privately placed ordinary shares for \$658,000 thousand. Under the related regulations, privately placed ordinary shares should not be transferred within three years from the date of acquisition. E Ink Holdings Inc. has not yet completed publishing procedures as of 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 were summarized as follows (excluding the privately placed ordinary shares):

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<u>\$ 23,292,063</u>	<u>\$ 21,845,351</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 25,164,715	\$ 19,263,374
Non-current assets	39,961,345	37,746,625
Current liabilities	(13,408,141)	(17,839,575)
Non-current liabilities	<u>(7,454,715)</u>	<u>(3,472,539)</u>
Equity	44,263,204	35,697,885
Non-controlling interests	<u>(576,216)</u>	<u>(530,719)</u>
	<u>\$ 43,686,988</u>	<u>\$ 35,167,166</u>
Proportion of the Group's ownership	16.2%	16.2%
Equity attributable to the Group	\$ 7,074,452	\$ 5,694,810
Goodwill	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 7,327,912</u>	<u>\$ 5,948,270</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	<u>\$ 30,060,509</u>	<u>\$ 19,650,564</u>
Net profit for the year	\$ 9,939,345	\$ 5,212,048
Other comprehensive income	<u>1,933,092</u>	<u>2,298,867</u>
Total comprehensive income for the year	<u>\$ 11,872,437</u>	<u>\$ 7,510,915</u>

b. Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Group's share of:		
Net profit (loss) for the year	\$ (14,556)	\$ 101,667
Other comprehensive loss	<u>(926)</u>	<u>(54,220)</u>
Total comprehensive income (loss) for the year	<u>\$ (15,482)</u>	<u>\$ 47,447</u>

Except for YJY Packaging Ltd., JLD Logistics Ltd., Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd., Chengdu JingShiTong Packing Co., Ltd., in 2022 and 2021 and Foster and Baylis (Prestige) Limited in 2021, 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.

## 16. PROPERTY, PLANT AND EQUIPMENT

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2022	\$ 14,256,398	\$ 15,977,069	\$ 66,799,914	\$ 13,617,300	\$ 1,112,761	\$ 111,763,442
Additions	383,274	433,460	1,616,417	438,909	1,843,235	4,715,295
Disposals	-	(33,169)	(744,680)	(345,565)	-	(1,123,414)
Transfer from constructions	-	47,448	897,929	91,563	(1,036,940)	-
Reclassification to investment properties	(499,200)	-	-	-	-	(499,200)
Reclassification	-	-	(1,446)	1,446	(2,112)	(2,112)
Effect of foreign currency exchange differences	<u>-</u>	<u>185,529</u>	<u>502,762</u>	<u>119,486</u>	<u>12,848</u>	<u>820,625</u>
Balance at December 31, 2022	<u>\$ 14,140,472</u>	<u>\$ 16,610,337</u>	<u>\$ 69,070,896</u>	<u>\$ 13,923,139</u>	<u>\$ 1,929,792</u>	<u>\$ 115,674,636</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ 612	\$ 7,697,750	\$ 45,592,381	\$ 10,070,431	\$ -	\$ 63,361,174
Depreciation expense	-	532,530	2,737,069	726,928	-	3,996,527
Disposals	-	(26,642)	(746,282)	(336,074)	-	(1,108,998)
Reclassification	-	-	(556)	556	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>58,056</u>	<u>276,736</u>	<u>75,690</u>	<u>-</u>	<u>410,482</u>
Balance at December 31, 2022	<u>\$ 612</u>	<u>\$ 8,261,694</u>	<u>\$ 47,859,348</u>	<u>\$ 10,537,531</u>	<u>\$ -</u>	<u>\$ 66,659,185</u>
Carrying amounts at December 31, 2022	<u>\$ 14,139,860</u>	<u>\$ 8,348,643</u>	<u>\$ 21,211,548</u>	<u>\$ 3,385,608</u>	<u>\$ 1,929,792</u>	<u>\$ 49,015,451</u>

(Continued)

	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)
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>
(Concluded)						

Some equipments of the Group had been idle at the end of 2021. 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, which was recognized in miscellaneous disbursements.

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, 2022 and 2021 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 4,715,295	\$ 5,114,027
Changes in prepayments for business facilities	(756,509)	(412,500)
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>(22,049)</u>	<u>737,856</u>
	<u>\$ 3,936,737</u>	<u>\$ 5,439,383</u>

The Group acquired land for expansion of the factory spaces. However, the Group was unable to transfer the ownership of the land due to legal restrictions, therefore choosing to enter into a name-borrowing contract with others. The others consented to fully cooperate with the Group in changing the ownership of the land in the future and pledge with the lands in priority to the Group. As of December 31, 2022, the lands registered by others was \$185,578 thousand (accounted for as property, plant and equipment and investment properties).

For the amounts of collateral pledged for bank borrowings, refer to Note 34.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	\$ 1,520,217	\$ 1,469,516
Buildings	414,166	399,973
Others	<u>163,001</u>	<u>168,031</u>
	<u>\$ 2,097,384</u>	<u>\$ 2,037,520</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 289,965</u>	<u>\$ 419,017</u>
Depreciation charge for right-of-use assets		
Land	\$ 65,585	\$ 46,180
Buildings	133,633	136,611
Others	<u>73,338</u>	<u>64,649</u>
	<u>\$ 272,556</u>	<u>\$ 247,440</u>

Except for the aforementioned addition and recognized depreciation expense, the Group did not have significant sublease or impairment of right-of-use assets in 2022 and 2021.

For the amounts of collateral pledged for bank borrowings, refer to Note 34.

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	\$ 203,868	\$ 177,846
Non-current	\$ 514,916	\$ 471,777

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	0.88%-1.68%	0.97%-1.68%
Buildings	0.86%-11.70%	0.97%-11.70%
Others	0.86%-6.00%	0.97%-6.00%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	\$ 345,244	\$ 306,717
Total cash outflow for leases	\$ 590,253	\$ 526,009

## 18. INVESTMENT PROPERTIES

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 3,861,276
Additions	53,343
Disposals	(119,692)
Transfer from property, plant and equipment	<u>499,200</u>
Balance at December 31, 2022	<u>\$ 4,294,127</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 328,285
Depreciation expense	9,963
Disposals	<u>(2,894)</u>
Balance at December 31, 2022	<u>\$ 335,354</u>
Carrying amount at December 31, 2022	<u>\$ 3,958,773</u>

(Continued)

	<b>Amount</b>
<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 amount at December 31, 2021	<u>\$ 3,532,991</u> (Concluded)

The price of acquisition of investment property includes non-cash items and the related reconciliation is as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Acquisitions of investment properties	\$ 53,343	\$ -
Decrease in prepayments for business equipments	<u>(53,032)</u>	<u>-</u>
	<u>\$ 311</u>	<u>\$ -</u>

The fair values of the investment properties owned by the Group were \$9,779,982 thousand and \$9,459,760 thousand as of December 31, 2022 and 2021, respectively. The valuations were partially made by the Group using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$45,272 thousand and \$64,721 thousand for the years ended December 31, 2022 and 2021, respectively.

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

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

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

## 19. BORROWINGS

### a. Current borrowings

	December 31	
	2022	2021
Bank credit loans	\$ 8,740,924	\$ 9,795,555
Bank secured loans	<u>71,147</u>	<u>283,997</u>
	<u>\$ 8,812,071</u>	<u>\$ 10,079,552</u>

Current borrowings include bank credit and bank secured loans. As of December 31, 2022 and 2021, the interest rate intervals of bank credit loans were 1.21%-10.20% per annum and 0.52%-4.30% per annum, respectively. As of December 31, 2022 and 2021, the interest rate of bank secured loans were 5.32%-5.38% per annum and 1.09% per annum, respectively.

### b. Short-term notes and bills payable

	December 31	
	2022	2021
Commercial paper	\$ 2,725,000	\$ 9,299,000
Less: Unamortized discounts on bills payable	<u>(1,884)</u>	<u>(2,843)</u>
	<u>\$ 2,723,116</u>	<u>\$ 9,296,157</u>

Short-term notes and bills payable are commercial paper due within one year. Interest rate intervals on these bills payable were 1.76%-2.19% per annum and 0.79%-0.93% per annum as of December 31, 2022 and 2021, respectively.

### c. Non-current borrowings

	December 31	
	2022	2021
Syndicated loans	\$ 35,060,692	\$ 24,550,836
Long-term bank credit loans	1,251,220	1,911,220
Long-term bank secured loans	32,650	115,866
Less: Current portion	<u>-</u>	<u>(57,933)</u>
	<u>\$ 36,344,562</u>	<u>\$ 26,519,989</u>

Long-term bank loans included syndicated, credit and secured loans.; Syndicated loans with monthly interest payments expire in December 2027 and have interest rate intervals of 1.79%-1.96% per annum and 1.79%-1.80% per annum as of December 31, 2022 and 2021, respectively; secured and credit loans expire in February 2032 and have interest rate intervals of 0.30%-1.68% per annum and 0.39%-2.78% per annum as of December 31, 2022 and 2021, respectively.

## 20. 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 and Vietnam are members of a state-managed retirement benefit plan operated by the government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 2,638,214	\$ 2,990,480
Fair value of plan assets	<u>(3,206,633)</u>	<u>(3,664,235)</u>
Defined benefit assets, net	(568,419)	(673,755)
Net defined benefit assets	<u>576,233</u>	<u>710,988</u>
Net defined benefit liabilities	<u>\$ 7,814</u>	<u>\$ 37,233</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 2,990,480</u>	<u>\$ (3,664,235)</u>	<u>\$ (673,755)</u>
Service cost			
Current service cost	32,895	-	32,895
Net interest expense (income)	<u>21,315</u>	<u>(26,769)</u>	<u>(5,454)</u>
Recognized in profit or loss	<u>54,210</u>	<u>(26,769)</u>	<u>27,441</u>

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Remeasurement			
Return on plan assets	\$ -	\$ 304,190	\$ 304,190
Actuarial loss (gain)			
Changes in financial assumptions	(145,731)	-	(145,731)
Experience adjustments	<u>91,777</u>	<u>-</u>	<u>91,777</u>
Recognized in other comprehensive income (loss)	<u>(53,954)</u>	<u>304,190</u>	<u>250,236</u>
Contributions from the employer	-	(171,695)	(171,695)
Benefits paid	(351,876)	351,876	-
Liabilities extinguished on settlement	<u>(646)</u>	<u>-</u>	<u>(646)</u>
Balance at December 31, 2022	<u>\$ 2,638,214</u>	<u>\$ (3,206,633)</u>	<u>\$ (568,419)</u>
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 (gain)			
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> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 19,809	\$ 30,063
Operating expenses	<u>7,632</u>	<u>6,730</u>
	<u>\$ 27,441</u>	<u>\$ 36,793</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.75%	0.75%
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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates		
0.125% increase	<u>\$ (17,313)</u>	<u>\$ (21,604)</u>
0.125% decrease	<u>\$ 17,595</u>	<u>\$ 21,963</u>
Expected rates of salary increase		
0.125% increase	<u>\$ 17,619</u>	<u>\$ 21,806</u>
0.125% decrease	<u>\$ (17,353)</u>	<u>\$ (21,480)</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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 92,115</u>	<u>\$ 106,183</u>
The average duration of the defined benefit obligation	5-8.8 years	1-10 years

## 21. EQUITY

### a. Ordinary shares

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

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

### b. Capital surplus

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

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, and then any remaining profit together with any undistributed retained earnings shall be used for distribution of dividends and bonuses to shareholders.

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

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

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

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company. For any subsequent reversal of the deduction in other shareholders’ equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.

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

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

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

The appropriations of earnings for 2022 had been proposed by the Company’s board of directors on March 15, 2023. The appropriations and dividends per share were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	\$ 211,224
Cash dividends	\$ 1,494,334
Cash dividends per share (NT\$)	\$ 0.9

The aforementioned 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 20, 2023.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning at January 1	\$ 4,000,001	\$ 4,001,813
Reversal:		
Disposal of investment properties	(4,981)	(1,812)
Balance at December 31	\$ 3,995,020	\$ 4,000,001

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>2022</u>				
Balance at January 1	\$ (2,185,616)	\$ 10,575,017	\$ -	\$ 8,389,401
Exchange differences on translation of foreign financial statements	1,549,666	-	-	1,549,666
Unrealized gains on financial assets measured at FVTOCI	-	1,947,319	-	1,947,319
Share of other comprehensive income (loss) of associates accounted for using equity method	248,041	48,571	-	296,612
Changes in equity of associates accounted for using equity method	371	-	-	371
Disposal of partial interests in subsidiaries	36,905	-	-	36,905
Changes in ownership interest in subsidiaries	(6,541)	-	-	(6,541)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(176,626)</u>	<u>-</u>	<u>(176,626)</u>
Balance at December 31	<u>\$ (357,174)</u>	<u>\$ 12,394,281</u>	<u>\$ -</u>	<u>\$ 12,037,107</u>
<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)
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>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 14,604,732	\$ 13,302,734
Share of profit for the year	677,068	2,558,297
Other comprehensive income (loss) for the year:		
Exchange differences on translation of foreign financial statements	205,028	(121,150)
Unrealized gains (losses) on financial assets measured at FVTOCI	(28,128)	217,856
Gains on hedge instruments	-	2,174
Remeasurement on defined benefit plans	36,131	(37,428)
Share of other comprehensive income of associates accounted for using the equity method	14,046	14,218
Cash dividends	(1,332,010)	(897,441)
Changes in equity of associates accounted for using equity method	2,489	(7,005)
Acquisition or disposal of partial interests in subsidiaries	578,127	(1,087,638)
Changes in ownership interests in subsidiaries	<u>199,506</u>	<u>660,115</u>
Balance at December 31	<u>\$ 14,956,989</u>	<u>\$ 14,604,732</u>

## 22. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers - revenue from sale of goods	\$ 69,663,113	\$ 69,338,312
Other operating revenue	<u>9,972,765</u>	<u>15,960,545</u>
	<u>\$ 79,635,878</u>	<u>\$ 85,298,857</u>

### Contract Balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable, net	<u>\$ 2,842,143</u>	<u>\$ 4,431,191</u>	<u>\$ 3,453,523</u>
Accounts receivable, net	<u>\$ 12,120,124</u>	<u>\$ 13,092,096</u>	<u>\$ 11,811,120</u>
Accounts receivable due from related parties, net	<u>\$ 64,230</u>	<u>\$ 71,403</u>	<u>\$ 98,198</u>
Contract liabilities - sale of goods	<u>\$ 496,039</u>	<u>\$ 516,177</u>	<u>\$ 552,667</u>

## 23. NET PROFIT

### a. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 848,786	\$ 535,623
Interest on lease liabilities	17,478	14,553
Less: Capitalization amount of interest	<u>(3,961)</u>	<u>(7,096)</u>
	<u>\$ 862,303</u>	<u>\$ 543,080</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalization rate	0.80%-1.67%	0.77%-1.46%

### b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 3,996,527	\$ 3,842,046
Investment properties	9,963	10,785
Right-of-use assets	272,556	247,440
Other non-current assets	<u>110,523</u>	<u>129,895</u>
	<u>\$ 4,389,569</u>	<u>\$ 4,230,166</u>
An analysis of depreciation by function		
Operating costs	\$ 3,847,936	\$ 3,616,338
Operating expenses	<u>431,110</u>	<u>483,933</u>
	<u>\$ 4,279,046</u>	<u>\$ 4,100,271</u>
An analysis of amortization by function		
Operating costs	\$ 29,290	\$ 50,286
Operating expenses	<u>81,233</u>	<u>79,609</u>
	<u>\$ 110,523</u>	<u>\$ 129,895</u>

c. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 207,428	\$ 223,897
Defined benefit plans	<u>27,441</u>	<u>36,793</u>
	234,869	260,690
Share-based payments	43,635	27,408
Other employee benefits	<u>8,840,581</u>	<u>9,121,905</u>
Total employee benefits expense	<u>\$ 9,119,085</u>	<u>\$ 9,410,003</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 5,370,507	\$ 5,503,730
Operating expenses	<u>3,748,578</u>	<u>3,906,273</u>
	<u>\$ 9,119,085</u>	<u>\$ 9,410,003</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, 2022 and 2021 which have been approved by the Company's board of directors on March 15, 2023 and 2022 are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	0.10%	0.10%
Remuneration of directors	0.96%	0.41%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 2,403	\$ 5,550
Remuneration of directors	22,000	22,000

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

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



## 24. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 548,716	\$ 1,727,195
Income tax on unappropriated earnings	168,623	174,792
Adjustment for prior periods	(45,092)	4,909
Land value increment tax	5,569	11,782
House and land transactions income tax	239	-
	<u>678,055</u>	<u>1,918,678</u>
Deferred tax		
In respect of the current year	62,390	98,796
Adjustment for prior periods	(601)	(9,304)
	<u>61,789</u>	<u>89,492</u>
Income tax expense recognized in profit or loss	<u>\$ 739,844</u>	<u>\$ 2,008,170</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income before tax	<u>\$ 3,586,422</u>	<u>\$ 9,770,721</u>
Income tax expense calculated at the statutory rate (20%)	\$ 717,284	\$ 1,954,144
Nondeductible expenses in determining taxable income	21,117	20,952
Tax-exempt income (loss)	(822,906)	(548,612)
Land value increment tax	5,569	11,782
House and land transactions income tax	239	-
Additional income tax under the Income Basic Tax Act	688	-
Unrecognized loss carryforwards and deductible temporary differences	662,538	505,508
Income tax on unappropriated earnings	168,623	174,792
Loss carryforwards	(1,878)	(39,045)
Overseas company withholding income taxes	29	1,435
Effect of different tax rate of entities in the Group operating in other jurisdictions	34,234	(68,391)
Adjustments for prior years' tax	<u>(45,693)</u>	<u>(4,395)</u>
Income tax expense recognized in profit or loss	<u>\$ 739,844</u>	<u>\$ 2,008,170</u>

### b. Income tax recognized directly in equity

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
Disposal of partial interests in subsidiaries	<u>\$ 60,582</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ (50,047)	\$ 30,284
Exchange differences on translation of foreign financial statements	-	113
Share of the other comprehensive income of associates	<u>(196)</u>	<u>(242)</u>
	<u>\$ (50,243)</u>	<u>\$ 30,155</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income (Loss)</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Defined benefit plan	\$ 23,275	\$ (92,979)	\$ 74,624	\$ -	\$ 4,920
Loss carryforwards	102,800	(18,629)	-	(1)	84,170
Allowance for impaired receivables	10,757	(4,869)	-	49	5,937
Payable for annual leave	27,803	830	-	25	28,658
Unrealized loss on inventories	41,955	1,339	-	205	43,499
Deferred revenue	37,670	(9,026)	-	46	28,690
Others	<u>107,074</u>	<u>(1,957)</u>	<u>-</u>	<u>4,534</u>	<u>109,651</u>
	<u>\$ 351,334</u>	<u>\$ (125,291)</u>	<u>\$ 74,624</u>	<u>\$ 4,858</u>	<u>\$ 305,525</u>
<u>Deferred tax liabilities</u>					
Reserve for land revaluation increment tax	\$ 3,313,013	\$ -	\$ -	\$ -	\$ 3,313,013
Others	<u>290,745</u>	<u>(63,502)</u>	<u>24,577</u>	<u>355</u>	<u>252,175</u>
	<u>\$ 3,603,758</u>	<u>\$ (63,502)</u>	<u>\$ 24,577</u>	<u>\$ 355</u>	<u>\$ 3,565,188</u>

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>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Loss carryforwards		
Expire in 2022	\$ -	\$ 86,121
Expire in 2023	1,399,657	1,378,338
Expire in 2024	987,356	877,077
Expire in 2025	552,662	609,168
Expire in 2026	1,113,623	1,083,012
Expire in 2027	2,679,233	10,869
Expire in 2028	316	316
Expire in 2029	181,199	293,797
Expire in 2030	408,596	371,014
Expire in 2031	283,388	199,057
Expire in 2032	42,457	-
Unlimited (Note)	<u>14,301</u>	<u>12,888</u>
	<u>\$ 7,662,788</u>	<u>\$ 4,921,657</u>

Note: Generated from Hong Kong subsidiaries.

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised of:

Unused Amount	Expiry Year
\$ 1,399,657	2023
987,356	2024
552,662	2025
1,113,623	2026
2,679,233	2027
316	2028
282,644	2029
728,002	2030
283,388	2031
42,457	2032
<u>14,301</u>	Unlimited (Note)
<u>\$ 8,083,639</u>	

Note: Generated from Hong Kong subsidiaries.

g. Income tax approved situation

	<u>Final Approved Year</u>
The Company	2018
Yuen Foong Yu Consumer Products Co., Ltd.	2018
Effion Enertech Co., Ltd.	2020
YFY Development Corp.	2020
San Ying Enterprise Co., Ltd.	2020
Fidelis IT Solutions Co., Ltd.	2020
Ever Growing Agriculture Biotech Co., Ltd.	2020
YFY Biotech Management Co., Ltd.	2020
YFY Corporate Advisory & Services Co., Ltd.	2020
Livebricks Inc.	2020
Yuen Foong Shop Co., Ltd.	2020
Sustainable Carbohydrate Innovation Co., Ltd.	2020
Hwa Fong Investment Co., Ltd.	2020
Shin Foong Specialty and Applied Materials Co., Ltd.	2020
China Color Printing Co., Ltd.	2020
YFY Paradigm Investment Co., Ltd.	2020
Yuen Yan Paper Container Co., Ltd.	2020
Genovella Renewables Inc.	2020
Pek Crown Paper Co., Ltd.	2020
Chung Hwa Pulp Corporation	2020
Yeon Technologies Co., Ltd.	2020
Union Paper Corp.	2019
YFY Packaging Inc.	2019

## 25. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share (NT\$)	<u>\$ 1.31</u>	<u>\$ 3.13</u>
Diluted earnings per share (NT\$)	<u>\$ 1.31</u>	<u>\$ 3.13</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	<u>\$ 2,169,510</u>	<u>\$ 5,204,254</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,169,510</u>	<u>\$ 5,204,254</u>

### Number of Share (In Thousands)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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>131</u>	<u>186</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,503</u>	<u>1,660,558</u>

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

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Employee share options reserved when the subsidiary issued new shares - Yuen Foong Yu Consumer Products Co., Ltd.

### For the year ended December 31, 2021

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 employees (including the employees of the subordinate companies) who meet certain specific requirements. The exercise price is \$52 per share.

Information on employee share options when issued new shares in September 2021 was as follows:

<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (%)</b>
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 (date)	5
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 - Shin Foong Specialty and Applied Materials Co., Ltd.

For the year ended December 31, 2021

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 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.

<b>Vesting Conditions</b>	<b>The Ratio of Entitled Exercise (%) (Accumulated)</b>
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:

<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
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>	

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

	<b>For the Year Ended December 31, 2021</b>	
<b>Share Options Certificates</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
Balance at January 1	350	
Options exercised	(50)	
Options expired	<u>(300)</u>	
Balance at December 31	<u>-</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 17.7</u>

Information on outstanding employee stock options is as follows:

	<b>December 31, 2021</b>
Exercise price per share (\$)	\$ 17.7
Weighted average remaining contractual life	-

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 \$0 thousand for the year ended December 31, 2021.

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

For the year ended December 31, 2021

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 exercise price is US\$1.5 per share. The options granted for 3 years and the exercisable at the schedule below since the grant date. For any subsequent changes in the subsidiary's capital surplus, the exercise price is adjusted accordingly.

<b>Vesting Conditions</b>	<b>The Ratio of Entitled Exercise (%) (Accumulated)</b>
Issue date	50
The second anniversary from the grant date	100

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

<b>Employee Share Options</b>	<b>Number of Options (Units)</b>	<b>Exercise Price (US\$)</b>
Granted in September 2021	<u>544,000</u>	<u>\$ 1.5</u>
Weighted-average fair value of options granted in September 2021 (US\$)	<u>\$ 2.04</u>	

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of Options Units)</b>	<b>Exercise Price (US\$)</b>	<b>Number of Options (Units)</b>	<b>Exercise Price (US\$)</b>
<b>Share Options Certificates</b>				
Balance at January 1	317,113		-	
Options granted	-		544,000	
Options exercised	<u>(284,870)</u>		<u>(226,887)</u>	
Balance at December 31	<u>32,243</u>		<u>317,113</u>	
Options exercisable, end of period	<u>32,243</u>	<u>\$ 1.5</u>	<u>45,113</u>	<u>\$ 1.5</u>

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

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



The employee benefit expenses recognized on the employee share option plans were \$12,241 and \$19,716 thousand for the year ended December 31, 2022 and 2021.

For the year ended December 31, 2022

The board of directors of the subsidiary resolved to issue 557,846 employee share options in November 2022. Each option entitles the holder to subscribe for 1 ordinary share of YFY Jupiter (BVI) Inc. The eligible participants for share options are the employees (including the controlling companies and subordinate companies) who meet certain specific requirements the exercise price is US\$2.18 per share. The options granted for 0.1 years and the exercisable at the schedule below since the grant date. For any subsequent changes in the subsidiary's capital surplus, the exercise price is adjusted accordingly.

Information on compensatory employee share options issued in November 2022 was as follows:

<b>Employee Share Options</b>	<b>Number of Options (Units)</b>	<b>Exercise Price (US\$)</b>
Granted in November 2022	<u>557,846</u>	<u>\$ 2.18</u>
Weighted-average fair value of options granted in November 2022 (US\$)	<u>\$ 1.59</u>	
	<b>For the Year Ended December 31, 2022</b>	
	<b>Number of Options (Units)</b>	<b>Exercise Price (US\$)</b>
<b>Share Options Certificates</b>		
Balance at January 1	-	
Options granted	557,846	
Options exercised	<u>(469,698)</u>	
Balance at December 31	<u>88,148</u>	
Options exercisable, end of period	<u>88,148</u>	<u>\$ 2.18</u>

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

Share price at the grant date (US\$)	\$3.77
Exercise price (US\$)	\$2.18
Expected volatility (%)	33.18
Expected lives (years)	0.1
Risk free interest rate (%)	1.20

The employee benefit expenses recognized on the employee share option plans was \$20,304 thousand for the year ended December 31, 2022.

- d. Employee share options plan of the subsidiary - Arizon RFID Technology (Cayman) Co., Ltd.

For the year ended December 31, 2022

The board of directors of the subsidiary resolved to issue 595 employee share options in July 12, 2022. Each option entitles the holder to subscribe for 1 thousand ordinary share of Arizon RFID Technology (Cayman) Co., Ltd. The eligible participants for share options are the employees who meet certain specific requirements the exercise price is 57.4 per share. The options granted for 3 years and the exercisable at the schedule below since the grant date for 2 years. For any subsequent changes in the subsidiary's capital surplus, the exercise price is adjusted accordingly.

Information on compensatory employee share options issued in August 2022 was as follows:

<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
Granted in August 2022	<u>595</u>	<u>\$ 57.4</u>
Weighted-average fair value of options granted in August 2022 (\$)	<u>\$ 21.2</u>	
	<b>For the Year Ended December 31, 2022</b>	
<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
Balance at January 1	-	
Options granted	595	
Options exercised	<u>-</u>	
Balance at December 31	<u>595</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 57.4</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	\$65.64
Exercise price	\$57.40
Expected volatility (%)	42.47
Expected lives (years)	2.5
Risk free interest rate (%)	0.92

The employee benefit expenses recognized on the employee share option plans was \$2,366 thousand for the year ended December 31, 2022.

- e. Employee share options of the subsidiary increase capital in cash - Arizon RFID Technology (Cayman) Co., Ltd.

For the year ended December 31, 2022

The board of directors of the subsidiary resolved to increase capital in cash of 1,060 thousand shares in July 12, 2022. Since all the original shareholders gave up to participate, all the shares issued this time were subscribed by employees. In August 2011, the employees (including subsidiaries) who meet certain specific requirements were given the right to subscribe for new shares, with a total subscription of 1,060 thousand shares, and the exercise price is 57.4 per share.

Information on employee share options when issued new shares in August 2022 was as follows:

<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
Granted in August 2022	<u>1,060</u>	<u>\$ 57.4</u>
Weighted-average fair value of options granted in August 2022 (\$)	<u>\$ 8.24</u>	
	<b>For the Year Ended December 31, 2022</b>	
<b>Employee Share Options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Exercise Price (\$)</b>
Balance at January 1	-	
Options granted	1,060	
Options exercised	<u>(1,060)</u>	
Balance at December 31	<u>-</u>	
Options exercisable, end of period	<u>-</u>	<u>\$ 57.4</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	\$65.64
Exercise price	\$57.40
Expected volatility (%)	42.13
Expected lives (date)	2
Risk free interest rate (%)	0.74

The employee benefit expenses recognized on the employee share option plans was \$8,724 thousand for the year ended December 31, 2022.

## 27. DERECOGNITION OF SUBSIDIARY

### a. YFY Packaging (BVI) Corp.

The subsidiary, YFY Packaging (BVI) Corp. entered the liquidation procedure in November 2022 and finished in December 2022. Due to loss of control, the Group derecognized the assets and liabilities of the former subsidiary.

#### 1) Consideration received from derecognition

	<b>YFY Packaging (BVI) Corp.</b>
Cash	<u>\$ 465</u>

#### 2) Analysis of assets and liabilities on the loss of control date

	<b>YFY Packaging (BVI) Corp.</b>
Current assets	
Cash	<u>\$ 465</u>
Net assets derecognized	<u>\$ 465</u>

#### 3) Loss from derecognition of subsidiary

	<b>YFY Packaging (BVI) Corp.</b>
Consideration received in cash	\$ 465
Net assets derecognized	(465)
Effect of foreign currency exchange differences	<u>(345)</u>
Loss from derecognition of subsidiary (accounted for as miscellaneous expense)	<u>\$ (345)</u>

#### 4) Net cash outflow on derecognition of subsidiary

	<b>YFY Packaging (BVI) Corp.</b>
Consideration received in cash	\$ 465
Less: Cash balance derecognized of	<u>(465)</u>
	<u>\$ -</u>

### b. Kunshan YFY Advertising and Printing Co., Ltd.

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

1) Consideration received from derecognition

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

Cash	\$ <u>          -</u>
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2) 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>

3) Gain from derecognition of subsidiary

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

Net liabilities derecognized	\$ 34,584
Effect of foreign currency exchange differences	<u>          (183)</u>
Gain from derecognition of subsidiary (accounted for as other income, others)	<u>\$ 34,401</u>

4) 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>

## 28. 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. And the contract was signed in August 2021. The Group has been 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>

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### a. Arizon RFID Technology (Cayman) Co., Ltd.

For the year ended December 31, 2021

The Group sold its partial ownership of Arizon RFID Technology (Cayman) Co., Ltd. in August 2022. Thus, the shareholding ratio of the Group in Arizon RFID Technology (Cayman) Co., Ltd. was reduced to 69.85%, which include its shareholding ratio of 69.55% in YFY Global Investment B.V., 0.15% in YFY Development Corp. and 0.15% in YFY Paradigm Investment Co., respectively.

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

	<b>Arizon RFID Technology (Cayman) Co., Ltd.</b>
Consideration received	\$ 773,540
Related expense	(60,582)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(598,788)
Reattribution of other equity from non-controlling interests	
Exchange differences on translation of foreign financial statements	<u>(32,406)</u>
Differences recognized from equity transactions	<u>\$ 81,764</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>\$ 81,764</u>

### b. 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.

	<b>Shin Foong Specialty and Applied Materials Co., Ltd.</b>
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>

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

For the year ended December 31, 2022

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.

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

	<b>Yuen Foong Yu Consumer Products Co., Ltd.</b>
Consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to 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>



d. 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.

	<b>Willpower Industries Ltd.</b>
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>

### 30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

The Group acquired ownership of Foster and Baylis (Prestige) Limited in October 2022 and buy back treasury shares and write-down. Ownership increased from 33.3% to 50.98%, leading to the Group having actual control over them as they became a subsidiary of the Group and has been included in the consolidated financial statements since then. The Group acquired Foster and Baylis (Prestige) Limited in order to continue the expansion of the Group's operations.

b. Consideration transferred

	<b>Foster and Baylis (Prestige) Limited</b>
Cash	<u>\$ 329</u>

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

	<b>Foster and Baylis (Prestige) Limited</b>
Current assets	
Accounts receivable, net	\$ 12,968
Inventories	4,477
Prepayments	1,390
Other current assets, others	4,846
Non-current assets	
Property, plant and equipment	415
Right-of-use assets	7,092
Current liabilities	
Accounts payable	(3,796)
Lease liabilities	(1,537)
Other current liabilities, others	(4,835)
Non-current liabilities	
Lease liabilities	<u>(5,601)</u>
	<u>\$ 15,419</u>

d. Net cash inflow on the acquisition of subsidiaries

	<b>Foster and Baylis (Prestige) Limited</b>
Consideration paid in cash	\$ (329)
Less: Cash and cash equivalent balances acquired	<u>329</u>
	<u>\$ -</u>

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been \$79,639,595 thousand, and the profit from continuing operations would have been \$2,850,412 thousand for the year ended December 31, 2022. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

### 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 171,541	\$ -	\$ 171,541
Mutual funds	492,002	-	-	492,002
Structured deposits	-	251,300	-	251,300
	<u>\$ 492,002</u>	<u>\$ 422,841</u>	<u>\$ -</u>	<u>\$ 914,843</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 20,177,433	\$ -	\$ -	\$ 20,177,433
Domestic and foreign unlisted shares	-	-	5,922,329	5,922,329
	<u>\$ 20,177,433</u>	<u>\$ -</u>	<u>\$ 5,922,329</u>	<u>\$ 26,099,762</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 45,843	\$ -	\$ 45,843

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	-	1,505,742	-	1,505,742
	<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)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 4,845,794
Recognized in other comprehensive income (accounted for as unrealized gains (loss) on investments in equity instruments designated as at FVTOCI)	
Disposals	1,184,487
Return of capital upon investees' capital reduction	(117,105)
Effects of foreign currency exchange differences	<u>9,153</u>
Balance at December 31, 2022	<u>\$ 5,922,329</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 4,962,769
Recognized in other comprehensive income (accounted for as unrealized gains (loss) on investments in equity instruments designated as at FVTOCI)	
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>

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

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

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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b><u>Financial assets</u></b>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 914,843	\$ 3,026,461
FVTOCI	26,099,762	23,594,989
Amortized cost (1)	29,516,149	29,260,271
<b><u>Financial liabilities</u></b>		
FVTPL		
Held for trading	45,843	69,687
Amortized cost (2)	62,874,854	62,613,498

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

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

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the 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 negative number below indicates an decrease in pre-tax profit associated with New Taiwan dollars strengthening 5% against the USD and RMB. For a 5% weakening of New Taiwan dollars against the USD and RMB, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Influence to profit or loss at 5% variance		
USD	\$ (143,136)	\$ (12,689)
RMB	\$ (56,738)	\$ (84,845)

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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 10,584,206	\$ 7,338,411
Financial liabilities	2,723,116	9,296,157
Lease liabilities	718,784	649,623
Cash flow interest rate risk		
Financial assets	3,889,054	4,313,350
Financial liabilities	45,156,633	36,657,474

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, 2022 and 2021 would have decreased/increased by \$82,535 thousand and \$64,688 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, 2022 and 2021 would have increased/decreased by \$24,600 thousand and \$75,846 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, 2022 and 2021 would have increased/decreased by \$1,304,988 thousand and \$1,179,749 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, 2022 and 2021, the amount of unused financing facilities were \$57,379,028 thousand and \$54,758,140 thousand, respectively.

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



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

December 31, 2022

	<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 9,571,015	\$ 38,107,199	\$ 33,878
Fixed interest rate liabilities	2,725,000	-	-
Lease liabilities	<u>224,925</u>	<u>402,126</u>	<u>125,591</u>
	<u>\$ 12,520,940</u>	<u>\$ 38,509,325</u>	<u>\$ 159,469</u>

December 31, 2021

	<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5+ Years</b>
<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>

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 in 2022 and 2021 were as follows:

	<u><b>For the Year Ended December 31</b></u>	
	<b>2022</b>	<b>2021</b>
The discounted amount	\$ 2,550,718	\$ 1,294,493
The received amount	\$ 2,515,171	\$ 1,272,838
Interest rates	1.18%-4.30%	1.30%-4.30%

### 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

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

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

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

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Substantive related party	\$ 150,962	\$ 168,283
Entities with key management personnel	90,212	94,510
Associate	<u>48,263</u>	<u>57,983</u>
	<u>\$ 289,437</u>	<u>\$ 320,776</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	
	2022	2021
Associate	\$ 240,141	\$ 211,328
Substantive related party	13,008	11,254
Entities with key management personnel	<u>3,655</u>	<u>4,929</u>
	<u>\$ 256,804</u>	<u>\$ 227,511</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	
		2022	2021
Receivables from related parties	Substantive related party		
	Beautone Co., Ltd.	\$ 23,163	\$ 26,839
	Others	<u>3,124</u>	<u>4,449</u>
		<u>26,287</u>	<u>31,288</u>
	Entities with key management personnel		
	Yuen Foong Paper Co., Ltd.	19,747	30,292
	Others	<u>249</u>	<u>208</u>
		<u>19,996</u>	<u>30,500</u>
	Associate		
	E Ink Holdings Inc.	8,870	883
	Transcend Optronics (Yangzhou) Co., Ltd.	4,420	7,717
	Others	<u>4,657</u>	<u>1,015</u>
		<u>17,947</u>	<u>9,615</u>
		<u>\$ 64,230</u>	<u>\$ 71,403</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables (accounted for as other current assets)	Associate	\$ 849	\$ 435
	Entities with key management personnel	<u>22</u>	<u>23</u>
	Substantive related party		
	Ho Tien Co., Ltd.	-	26,520
	Others	<u>15</u>	<u>109</u>
		<u>15</u>	<u>26,629</u>
		<u>\$ 886</u>	<u>\$ 27,087</u> (Concluded)

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

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Payables to related parties	Associate		
	YJY Packaging Ltd.	\$ 87,157	\$ 32,503
	JLD Logistics Ltd.	7,067	9,003
	Others	<u>5,605</u>	<u>4,746</u>
		99,829	46,252
	Entities with key management personnel	6,946	8,646
	Substantive related party	<u>4,095</u>	<u>2,114</u>
		<u>\$ 110,870</u>	<u>\$ 57,012</u>
Other payables (accounted for as other current liabilities)	Associate	<u>\$ -</u>	<u>\$ 7,169</u>

The outstanding accounts payables to related parties are unsecured.

f. Acquisitions of investment properties

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Substantive related party		
Ho Tien Co., Ltd.	<u>\$ 53,032</u>	<u>\$ -</u>

The company completed transfer of ownership of a joint construction of housing in February 2022, refer to Note 18.

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	
	2022	2021	2022	2021
Substantive related party				
Ho Tien Co., Ltd.	\$ -	\$ 26,520	\$ -	\$ 24,053

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. Others

Rental income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Entities with key management personnel		
Yuen Foong Paper Co., Ltd.	\$ 7,885	\$ 7,894
Others	<u>155</u>	<u>159</u>
	<u>8,040</u>	<u>8,053</u>
Associate		
E Ink Holdings Inc.	5,799	-
Others	<u>1,649</u>	<u>1,410</u>
	<u>7,448</u>	<u>1,410</u>
Substantive related party	<u>5,966</u>	<u>7,205</u>
	<u>\$ 21,454</u>	<u>\$ 16,668</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Entities with key management personnel	\$ 45,198	\$ 44,373
Substantive related party	<u>4,356</u>	<u>4,207</u>
	<u>\$ 49,554</u>	<u>\$ 48,580</u>

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

j. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 105,364	\$ 109,273
Post-employment benefits	<u>1,115</u>	<u>6,326</u>
	<u>\$ 106,479</u>	<u>\$ 115,599</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 have been pledged or mortgaged as collateral for bank loans, guarantees provided on certain commitments, bank acceptance bills and other credit facilities:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes receivable, net (Note)	\$ 2,871,130	\$ 2,917,520
Property, plant and equipment	498,396	719,649
Pledged deposits (classified as other current financial assets)	89,216	202,762
Land use rights (accounted for as right-of-use assets)	102,201	98,253
Pledged time deposits (classified as other current financial assets and other non-current assets, others)	<u>754,152</u>	<u>145,738</u>
	<u>\$ 4,315,095</u>	<u>\$ 4,083,922</u>

Note: The transaction of \$1,310,385 thousand has been eliminated in preparing the consolidated financial on December 31, 2022.

### 35. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$558,199 thousand and \$686,264 thousand, respectively.

As of December 31, 2022 and 2021, the contract of commitment to acquire land, property, plant and equipment amounted to \$988,040 thousand and \$296,822 thousand, respectively. The unrecorded amounts were \$701,986 thousand and \$154,687 thousand, respectively.

### 36. OTHER ITEMS

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

### 37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to adjust assets allocation and improve return on assets, the board of directors approved to sell the factory and land located in Tainan City (recognized in investment property) by public auctioning on March 2023, and authorized a professional real estate auction consulting agency to handle the public bidding operation.

### 38. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022				
	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
<u>Foreign currency assets</u>				
Monetary items				
RMB	\$ 2,202,430	0.144 (RMB:USD)	\$	9,711,490
USD	95,118	30.71 (USD:NTD)		2,921,068

December 31, 2021			
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 2,497,733	0.157 (RMB:USD)	\$ 10,843,866
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

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were a loss of \$864,421 thousand and a loss of \$82,243 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities of the Group.

### 39. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 10)



- b. Information on investees (Table 8)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 3)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 2)
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
  - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 11)

#### 40. 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	Business Unit of Consumer Products	Business Unit of Special Materials	Other Segment	Total
For the year ended December 31, 2022						
Revenue from external customers	\$ 20,495,876	\$ 36,356,298	\$ 10,075,858	\$ 1,448,384	\$ 11,259,462	\$ 79,635,878
Revenue from other internal operating segments	3,155,253	1,098,659	48,731	254,179	704,530	5,261,352
Segment revenue	<u>\$ 23,651,129</u>	<u>\$ 37,454,957</u>	<u>\$ 10,124,589</u>	<u>\$ 1,702,563</u>	<u>\$ 11,963,992</u>	84,897,230
Eliminations						(5,261,352)
Consolidated revenue						<u>\$ 79,635,878</u>

(Continued)

	Business Unit of Pulp and Fine Paper	Business Unit of Container - Board and Packaging	Business Unit of Consumer Products	Business Unit of Special Materials	Other Segment	Total
Total profit or loss for reportable segments	\$ 240,572	\$ (368,229)	\$ 896,192	\$ 198,703	\$ 101,408	\$ 1,068,646
Eliminations						78,254
Segment profit or loss						1,146,900
Finance costs						(862,303)
Net loss on fair value change of financial instruments at fair value through profit or loss						734,828
Foreign exchange loss						(864,421)
Net non-operating income and expenses						3,431,418
Profit before income tax						\$ 3,586,422
For the year ended December 31, 2021						
Revenue from external customers	\$ 18,268,669	\$ 37,985,066	\$ 9,873,606	\$ 7,864,924	\$ 11,306,592	\$ 85,298,857
Revenue from other internal operating segments	3,763,181	1,755,891	16,747	296,790	831,905	6,664,514
Segment revenue	\$ 22,031,850	\$ 39,740,957	\$ 9,890,353	\$ 8,161,714	\$ 12,138,497	91,963,371
Eliminations						(6,664,514)
Consolidated revenue						\$ 85,298,857
Total profit or loss for reportable segments	\$ 272,452	\$ 2,059,626	\$ 1,237,265	\$ 4,366,172	\$ 9,750	\$ 7,945,265
Eliminations						65,588
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						2,595,789
Profit before income tax						\$ 9,770,721
						(Concluded)

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

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

c. Consumer product segment

Manufacture and sale of tissue paper, napkins and detergents.

d. 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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Segment assets</u>		
Business unit of pulp and fine paper	\$ 35,439,171	\$ 33,968,456
Business unit of containerboard and packaging	42,710,732	44,754,627
Business unit of consumer products	8,273,072	7,943,667
Business unit of special materials	6,480,618	8,731,610
Other segments	85,912,793	83,407,148
Adjustment and elimination	<u>(39,344,062)</u>	<u>(42,371,244)</u>
Consolidated total assets	<u>\$ 139,472,324</u>	<u>\$ 136,434,264</u>

### Geographical Information

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

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

	<b>Revenue from External Customers For the Year Ended December 31</b>		<b>Non-current Assets December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taiwan	\$ 39,722,651	\$ 44,354,172	\$ 37,747,276	\$ 36,894,374
Mainland China	27,280,947	28,646,955	15,984,401	16,962,863
Others	<u>12,632,280</u>	<u>12,297,730</u>	<u>3,460,196</u>	<u>3,146,569</u>
	<u>\$ 79,635,878</u>	<u>\$ 85,298,857</u>	<u>\$ 57,191,873</u>	<u>\$ 57,003,806</u>

### Information about Major Customers

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

**YFY INC. AND SUBSIDIARIES**[illegible]

- 94 -

TABLE 2

## YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
1	YFY Global Investment B.V.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 2,074,210	\$ 1,851,966	\$ 1,675,588	2.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 13,598,084	\$ 13,598,084	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	930,392	930,392	930,392	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	13,598,084	13,598,084	-
2	YFY International B.V.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	5,538,068	3,610,231	2,772,437	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	225,458	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	3,077,129	3,077,129	3,077,129	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	313,406	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	221,640	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	162,905	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	155,566	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	63,128	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	87,300	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	116,336	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	29,994,713	29,994,713	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	135,275	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,998,943	5,998,943	-
3	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	54,322	36,457	8	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	37,303	149,212	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	54,322	36,457	23,003	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	37,303	149,212	-
4	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	630,213	434,987	50	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	873,548	873,548	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	630,213	434,987	104,148	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	873,548	873,548	-
5	YFY Paper Enterprise (Xiamen) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	356,128	246,113	27	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	492,234	492,234	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	356,128	246,113	45,611	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	492,234	492,234	-
6	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,103,078	432,297	31	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	880,462	880,462	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,103,078	432,297	84,037	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	880,462	880,462	-
7	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	551,027	427,548	1	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	891,288	891,288	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	551,027	427,548	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	891,288	891,288	-
8	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	826,494	285,238	59,838	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	579,595	579,595	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	826,494	285,238	85,846	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	579,595	579,595	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	202,912	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	579,595	579,595	-

(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			
9	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 904,328	\$ 407,199	\$ 207	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 847,232	\$ 847,232	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	904,328	407,199	83,691	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	847,232	847,232	-
10	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,109,416	400,077	163,056	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	827,861	827,861	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,109,416	400,077	105,109	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	827,861	827,861	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	202,912	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	827,861	827,861	-
11	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	273,814	243,476	2	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	488,346	488,346	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	273,814	243,476	78,916	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	488,346	488,346	-
12	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,705,491	2,645,665	43	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,705,491	2,645,665	2,413,487	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	46,677	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	134,624	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	433,573	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	676,373	661,416	41,801	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	112,729	110,236	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	112,729	110,236	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	112,729	110,236	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	112,729	110,236	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Other receivables from related parties	Yes	112,729	110,236	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	10,676,025	10,676,025	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	450,915	440,944	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	533,801	2,135,205	-
13	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	478,489	369,313	37	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	777,325	777,325	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	478,489	369,313	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	777,325	777,325	-
14	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	119,047	93,405	3	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	186,815	186,815	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	119,047	93,405	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	186,815	186,815	-

(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	\$ 426,346	\$ -	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ -	\$ -	-
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	213,173	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	213,173	-	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	426,346	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	21,317	-	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	-	-	-
16	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	104,824	102,506	101,881	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	205,020	205,020	-
17	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	309,604	241,840	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	483,682	483,682	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	247,309	241,840	55,506	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	483,682	483,682	-
18	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	109,525	61,776	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	123,553	123,553	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	63,173	61,776	57,014	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	123,553	123,553	-
19	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	76,313	74,625	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	149,259	149,259	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	76,313	74,625	37,293	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	149,259	149,259	-
20	Hwa Fong Paper (Hong Kong) Co., Ltd.	YFY International B.V.	Other receivables from related parties	Yes	46,468	33,597	33,597	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	94,169	94,169	-

(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	YFY Jupiter Limited	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	\$ 132,993	\$ 126,964	\$ 126,964	1.70-5.80	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 310,631	\$ 310,631	-
22	Mobius105 Ltd.	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	57,987	55,278	55,278	2.40-5.80	Short-term financing	-	Financing for working capital requirements	-	-	-	675,707	675,707	-
23	Jupiter Prestige Group Holdings Limited	YFY Jupiter (BVI) Inc.	Other receivables from related parties	Yes	29,856	29,672	29,672	1.30	Short-term financing	-	Financing for working capital requirements	-	-	-	128,143	128,143	-
24	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	459,122	448,969	3,326	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	461,967	1,847,868	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	459,122	448,969	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	461,967	1,847,868	-
25	CHP International (BVI) Corporation	Zhaoqing Dingfung Forestry Co., Ltd.	Other receivables from related parties	Yes	349,250	138,195	138,195	1.80	Short-term financing	-	Financing for working capital requirements	-	-	-	2,046,289	2,046,289	-
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	189,384	185,197	105,827	2.50-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,046,289	2,046,289	-
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,154,343	873,070	873,070	2.50-3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,046,289	2,046,289	-
26	Shenzhen Jinglun Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	14,557	13,352	2,920	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	13,354	53,415	-
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	13,654	13,352	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	13,354	53,415	-
27	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	294,750	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	6,417,035	6,417,035	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	445,800	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	6,417,035	6,417,035	-
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	148,600	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	6,417,035	6,417,035	-
28	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	281,222	281,222	112,457	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	562,444	562,444	-
29	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,172,974	1,172,974	34,041	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,345,949	2,345,949	-
30	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,196,929	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,393,858	4,393,858	-
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,196,929	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,393,858	4,393,858	-
31	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	55,650	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	2,720,760	2,720,760	-
32	Effion Enertech Co., Ltd.	YFY Paradigm Investment Co., Ltd.	Other receivables from related parties	Yes	378,000	194,000	194,000	0.90	Short-term financing	-	Financing for working capital requirements	-	-	-	194,847	194,847	-
33	YFY Japan Co., Ltd.	YFY International B.V.	Other receivables from related parties	Yes	52,954	46,480	46,480	0.75	Short-term financing	-	Financing for working capital requirements	-	-	-	213,312	213,312	-
34	San Ying Enterprise Co., Ltd.	YFY Paradigm Investment Co., Ltd.	Other receivables from related parties	Yes	40,000	40,000	40,000	0.90	Short-term financing	-	Financing for working capital requirements	-	-	-	41,042	41,042	-

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

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

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

(Concluded)



TABLE 3

## YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
1	<u>Endorsement/guarantee</u> YFY Inc.	YFY Paper Mfg. (Yangzhou) Co., Ltd. YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3 a. Note 3 a.	\$ 83,613,023 83,613,023	\$ 2,610,814 1,082,196	\$ 2,297,183 1,058,266	\$ 1,207,341 -	\$ - -	4.20 1.94	\$ 111,484,030 111,484,030	Yes Yes	No No	Yes Yes
2	Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd. Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd. Vinh Phu Packing And Printing Company Limited	Note 3 a. Note 3 a. Note 3 a. Note 3 c.	2,479,309 2,479,309 2,479,309 165,287	773,160 869,805 1,159,740 83,348	737,040 829,170 1,105,560 -	- 55,857 295,435 -	- - - -	38.73 43.58 58.10 -	3,305,746 3,305,746 3,305,746 165,287	Yes Yes Yes No	No No No No	No No No No
3	Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd. YFY Packaging Thai Binh Co., Ltd.	Note 3 a. Note 3 b.	595,649 595,649	547,655 96,645	522,070 92,130	- 15,039	- -	60.66 10.70	794,198 794,198	Yes Yes	No No	No No
1	<u>Credit line (Note 4)</u> YFY Inc.	YFY Development Corp. YFY Paradigm Investment Co., Ltd. YFY International B.V. YFY Paper Mfg. (Yangzhou) Co., Ltd. YFY Global Investment B.V. YFY Jupiter Limited YFY Jupiter (BVI) Inc. Mobius105 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.	83,613,023 83,613,023 83,613,023 83,613,023 83,613,023 83,613,023 83,613,023 83,613,023	3,900,000 2,370,000 3,173,813 450,915 1,481,890 417,340 483,225 96,645	3,450,000 2,370,000 2,941,060 264,566 1,412,660 416,260 460,650 92,130	1,440,000 380,000 101,890 - 45,667 121,304 - 61,420	- - - - - - - -	6.31 4.34 5.38 0.48 2.59 0.76 0.84 0.17	111,484,030 111,484,030 111,484,030 111,484,030 111,484,030 111,484,030 111,484,030 111,484,030	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	CHP International (BVI) Corporation Hwa Fong Investment Co., Ltd.	Note 3 a. Note 3 a.	23,705,570 23,705,570	740,945 130,000	706,330 130,000	- 41,000	- -	4.47 0.82	31,607,426 31,607,426	No No	No No	No No
3	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 a.	10,202,849	515,440	491,360	-	-	7.25	13,603,798	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.

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, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,445,041	\$ 20,411	-	\$ 20,411	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	480,699,993	8,051,725	4.2	8,051,725	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	97,502,590	1,564,917	13.6	1,564,917	
	Zhen Ding Technology Holding Limited	-	Non-current financial assets at fair value through other comprehensive income	7,464,617	783,785	0.8	783,785	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,025,078	117,657	2.3	117,657	
	Taiwan Stock Exchange Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	30,762,597	4,621,711	3.0	4,621,711	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	20,826,000	218,953	12.9	218,953	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	184,004	14.9	184,004	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	4,200,000	82,171	14.0	82,171	
	Synmax Biochemical Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,999,371	73,962	13.9	73,962	
	Shin Taiwan Kubota Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,612	58,425	5.5	58,425	
	Universal Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,221,228	38,022	3.0	38,022	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,600,000	18,971	8.0	18,971	
	Yuen Foong Paper Co., Ltd.	Note 2	Non-current financial assets at fair value through other comprehensive income	544,067	11,395	0.7	11,395	
	Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.)	-	Non-current financial assets at fair value through other comprehensive income	696,564	6,351	3.0	6,351	
	China Trade and Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	377,634	3,381	0.6	3,381	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paper Enterprise (Xiamen) Co., Ltd.	<u>Share certificate</u> Xiamen Taiwanese Investment Association Management Company	-	Non-current financial assets at fair value through other comprehensive income	-	RMB 70 thousand	-	RMB 70 thousand	
YFY Global Investment B.V.	<u>Beneficiary certificates</u> WI Harper INC Fund VII LP	-	Non-current financial assets at fair value through other comprehensive income	-	US\$ 144 thousand	0.2	US\$ 144 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\$ 3,096 thousand	6.5	US\$ 3,096 thousand	
	Micareo Inc.	Note 1	Non-current financial assets at fair value through other comprehensive income	8,124,999	US\$ 167 thousand	19.9	US\$ 167 thousand	
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	3,115,690	44,008	-	44,008	
	PIMCO GIS Total Return Bond Fund-E Class	-	Current financial assets at fair value through profit or loss	218,899	75,089	-	75,089	
	<u>Special share</u> Cathay Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,329,000	188,421	0.4	188,421	
	Fubon Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,292,000	198,837	0.5	198,837	
	Taishin Financial Holding Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,925,000	202,530	0.8	202,530	
	WPG Holdings Limited	-	Non-current financial assets at fair value through other comprehensive income	874,000	42,827	0.4	42,827	
	Yulon Finance Corporation	-	Non-current financial assets at fair value through other comprehensive income	605,000	30,428	0.7	30,428	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	22,110,054	370,343	0.2	370,343	
	Cathay Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	271,708	10,868	-	10,868	
	Foongtone Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,884,415	68,465	11.8	68,465	
China Color Printing Co., Ltd.	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	4,147,535	62,506	-	62,506	
	Prudential Financial Money Market Fund	-	Current financial assets at fair value through profit or loss	313,179	5,032	-	5,032	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China Color Printing Co., Ltd.	<u>Ordinary shares</u>							
	China Development Financial Holding Corporation	-	Current financial assets at fair value through other comprehensive income	9,959,081	\$ 125,484	0.1	\$ 125,484	
	China Parcel Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	463,917	3,121	10.8	3,121	
YFY Development Corp.	<u>Ordinary shares</u>							
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	214,412,782	3,591,414	1.9	3,591,414	
	Medeon Biodesign, Inc.	-	Current financial assets at fair value through other comprehensive income	612,301	35,575	0.7	35,575	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,490,949	56,030	0.5	56,030	
	Advance Materials Corporation Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,542,258	12,030	1.3	12,030	
	Quan Yuan Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,250,000	43,667	5.5	43,667	
	Universal Venture Capital Investment Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	5,600,000	40,888	4.7	40,888	
	Everterminal Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,200,960	28,672	2.5	28,672	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	144,877,333	2,426,696	1.3	2,426,696	
	Zhen Ding Technology Holding Limited	-	Current financial assets at fair value through other comprehensive income	467,106	49,046	0.1	49,046	
	Medeon Biodesign, Inc.	-	Current financial assets at fair value through other comprehensive income	156,804	9,110	0.2	9,110	
	Shen's Art Printing Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	43,109	638	0.1	638	
	<u>Ordinary shares</u>							
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	17,654,353	283,352	2.5	283,352	
	Foongtone Technology Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,370,730	32,536	5.6	32,536	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	2,574,000	27,062	1.6	27,062	
	Fu Hwa Development Enterprise Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,050,000	20,543	3.5	20,543	
	Locus Publishing Company	Note 1	Non-current financial assets at fair value through other comprehensive income	1,402,386	19,418	13.8	19,418	
	Overseas Investment & Development Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,000,000	9,856	1.1	9,856	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u> Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.)	Note 1	Non-current financial assets at fair value through other comprehensive income	696,435	\$ 6,350	3.0	\$ 6,350	
	Taiwan Stock Exchange Corporation	-	Non-current financial assets at fair value through other comprehensive income	2,126	319	-	319	
Chung Hwa Pulp Corporation	<u>Ordinary shares</u> NTU Innovation & Incubation Co., Ltd.	Note 1	Non-current financial assets at fair value through profit or loss	800,000	-	6.3	-	
	Groundhog Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	275,000	-	1.0	-	
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	100,807,420	1,688,524	0.9	1,688,524	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Non-current financial assets at fair value through other comprehensive income	17,829,132	286,158	2.5	286,158	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	388,146	22,551	0.4	22,551	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	184,004	14.9	184,004	
	Direct Insight Inc.	-	Non-current financial assets at fair value through other comprehensive income	286,200	3	0.9	3	
Hwa Fong Investment Co., Ltd.	<u>Ordinary shares</u> Everest Technology Inc.	-	Non-current financial assets at fair value through profit or loss	150,000	-	0.2	-	
	SinoPac Financial Holdings Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	2,418,909	40,517	-	40,517	
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	4,406,276	69,236	-	69,236	
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 13,525 thousand	36.7	JPY 13,525 thousand	
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	3,716,611	3,384	-	3,384	
Genovella Renewables Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	452,369	6,390	-	6,390	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yeon Technologies Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	324,058	\$ 4,577	-	\$ 4,577	
Sustainable Carbohydrate Innovation Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,603,169	22,644	-	22,644	
Ensilience Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	10,407,669	147,004	-	147,004	
YFY Biotech Management Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	2,245,835	31,721	-	31,721	
	<u>Ordinary shares</u> Neuro Sky, Inc.	-	Non-current financial assets at fair value through other comprehensive income	48,308,183	-	10.3	-	
	Elixir Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,662,558	-	2.2	-	
	Nereus Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,682,602	-	0.9	-	
	ACM Medical Technologies, Inc.	-	Non-current financial assets at fair value through other comprehensive income	760,000	-	7.3	-	
Arizon RFID Technology Co., Ltd.	<u>Negotiable certificates of deposit</u> Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 189 in 2020	-	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	-	Non-current financial assets at amortized cost	-	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	-	Non-current financial assets at amortized cost	-	RMB 22,000 thousand	-	RMB 22,000 thousand	
	Bank of Communications RMB Large-denomination Certificate of Deposit for Corporate Clients No. 55 in 2021	-	Non-current financial assets at amortized cost	-	RMB 13,000 thousand	-	RMB 13,000 thousand	
	Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 46 in 2022	-	Non-current financial assets at amortized cost	-	RMB 60,000 thousand	-	RMB 60,000 thousand	
	Bank of Communications RMB Large-denomination Certificate of Deposit for Corporate Clients No. 131 in 2022	-	Non-current financial assets at amortized cost	-	RMB 30,000 thousand	-	RMB 30,000 thousand	

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

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

(Concluded)

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, 2022  
(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	-	-	31,575,236	\$ 400,298	\$ 51,229,669	\$ 650,000	82,804,905	\$ 1,051,509	\$ 1,050,000	\$ 1,509	\$ (298) (Note 6)	-	\$ -	-
	SinoPac TWD Money Market Fund	Note 1	-	-	34,899,171	490,236	38,667,223	544,000	70,450,704	991,298	990,000	1,298	(228) (Note 6)	3,115,690	44,008	-
	Hua Nan Phoenix Money Market Fund	Note 1	-	-	15,236,099	250,170	-	-	15,236,099	250,958	250,000	958	(170) (Note 6)	-	-	-
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	Note 1	-	-	4,987,494	70,060	12,798,718	180,000	14,069,601	247,000	246,540	460	(136)	3,716,611	3,384	-
YFY Global Investment B.V.	<u>Ordinary shares</u> YFY RFID Co. Limited	Note 2	Arizon RFID Technology (Cayman) Co., Ltd.	Notes 3 and 4	25,600,000	US\$ 110,416 thousand	-	-	25,600,000	US\$ 111,624 thousand	US\$ 108,076 thousand	US\$ 3,548 thousand	US\$ (2,340) thousand (Note 7)	-	-	Note 8
	Arizon RFID Technology (Cayman) Co., Ltd.	Note 2	Notes 3 and 4	Notes 3 and 4	-	-	56,244,935	US\$ 111,624 thousand (Note 3)	10,300,000	US\$ 25,883 thousand (Note 4)	US\$ 20,064 thousand	US\$ 5,819 thousand (Note 5)	US\$ (804) thousand (Note 7)	45,944,935	US\$ 90,756 thousand	Note 8
Arizon RFID Technology (Cayman) Co., Ltd.	<u>Ordinary shares</u> YFY RFID Co. Limited	Note 2	Former shareholder of YFY RFID Co. Limited	Parent company	-	-	29,584,886	RMB 822,462 thousand	-	-	-	-	RMB 80,873 thousand (Note 7)	29,584,886	RMB 903,335 thousand	Note 8
YFY Cayman Co., Ltd.	<u>Ordinary shares</u> Winsong Packaging Investment Company Limited	Note 2	Winsong Packaging Investment Company Limited	Subsidiary	9,520,000	US\$ 9,051 thousand	10,850,000	US\$ 10,850 thousand	-	-	-	-	US\$ (284) thousand (Note 7)	20,370,000	US\$ 19,617 thousand	Note 8
YFY Packaging Inc.	<u>Ordinary shares</u> YFY Cayman Co., Ltd.	Note 2	YFY Cayman Co., Ltd.	Subsidiary	70,615,601	1,880,673	10,750,000	337,705	-	-	-	-	328,825 (Note 7)	81,365,601	2,547,203	Note 8
YFY Packaging (Yangzhou) Investment Co., Ltd.	<u>Ordinary shares</u> YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 2	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	-	RMB 31,904 thousand	-	RMB 570,804 thousand	-	-	-	-	RMB (325,087) thousand (Note 7)	-	RMB 277,621 thousand	Note 8

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

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

Note 3: Arizon RFID Technology (Cayman) Co. issued 56,244,934 shares for YFY Global Investment B.V. and YFY Global Investment B.V. acquired 1 share from YFY RFID Co. Limited by cash from original shareholders for the organizational reorganization.

Note 4: YFY Global Investment B.V. disposed of some of its shares in Arizon RFID Technology (Cayman) Co., Ltd. to YFY Development Corp., YFY Paradigm Investment Co., Ltd., specific investors and financial investors.

Note 5: Accounted for as capital surplus.

Note 6: Accounted for as gain (loss) on financial assets or liabilities at FVTPL.

Note 7: Including capital surplus, retained earnings, exchange differences on translation and share of profit (loss) of associates accounted for using equity method, net.

Note 8: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 6

## 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, 2022

(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	\$ 882,196	10	In agreed terms	\$ -	-	\$ 280,289	10	-
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 a	Sales	604,744	7	In agreed terms	-	-	173,584	6	-
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 a	Sales	402,638	5	In agreed terms	-	-	27,454	1	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 a	Sales	188,789	2	In agreed terms	-	-	46,266	2	-
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 a	Sales	444,536	5	In agreed terms	-	-	120,066	4	-
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 a	Sales	334,999	4	In agreed terms	-	-	89,629	3	-
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 a	Sales	452,078	5	In agreed terms	-	-	242,577	9	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 a	Sales	4,873,882	56	In agreed terms	-	-	1,368,153	50	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 a	Sales	186,678	2	In agreed terms	-	-	88,542	3	-
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 a	Sales	236,202	3	In agreed terms	-	-	99,517	4	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 b	Sales	140,149	2	In agreed terms	-	-	54,547	2	-
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a	Sales	958,066	7	3 months after transaction month	-	-	156,913	7	-
	Chung Hwa Pulp Corporation	Note 1 b	Sales	749,871	6	2 months after transaction month	-	-	77,071	4	-
	YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 1 b	Sales	353,997	3	In agreed terms	-	-	125,018	6	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b	Sales	454,992	3	In agreed terms	-	-	-	-	-
Chung Hwa Pulp Corporation	YFY Development Corp.	Note 1 b	Sales	767,046	4	Half month after transaction month	-	-	36,813	1	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	754,151	4	2 months after transaction month	-	-	225,491	6	-
	Shenzhen Jinglun Paper Co., Ltd.	Note 1 a	Sales	1,302,616	6	5 months after transaction month	-	-	733,414	21	-
	Union Paper Corp.	Note 1 b	Sales	1,010,395	5	1 month after transaction month	-	-	49,692	1	-
	YFY Packaging Inc.	Note 1 b	Sales	111,858	1	3 months after transaction month	-	-	9,748	-	-
	Beautone Co., Ltd.	Note 1 c	Sales	129,216	1	1 month after transaction month	-	-	22,818	1	Note 2
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a	Sales	1,666,388	34	In agreed terms	-	-	134,525	27	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b	Sales	269,953	33	In agreed terms	-	-	52,407	24	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	330,545	100	In agreed terms	-	-	134,406	100	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Note 1 b	Sales	511,771	84	2 months after transaction month	-	-	102,227	100	-
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	638,492	100	In agreed terms	-	-	89,063	100	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	2,514,182	89	In agreed terms	-	-	287,729	87	-
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b	Sales	295,963	11	In agreed terms	-	-	41,460	13	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a	Sales	885,362	14	In agreed terms	-	-	151,214	15	-

(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	\$ 404,996	14	2 months after transaction month	\$ -	-	\$ 108,095	25	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b	Sales	504,677	5	In agreed terms	-	-	299,863	9	-
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b	Sales	423,300	4	In agreed terms	-	-	140,233	4	-
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b	Sales	106,499	1	In agreed terms	-	-	52,054	2	-
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 b	Sales	334,896	3	In agreed terms	-	-	218,329	6	-
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 b	Sales	233,368	2	In agreed terms	-	-	120,056	3	-
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 b	Sales	114,784	1	1 month after transaction month	-	-	20,478	1	-
Union Paper Corp.	Chung Hwa Pulp Corporation	Note 1 b	Sales	128,190	6	1 month after transaction month	-	-	10,012	5	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	228,545	13	4 months after transaction month	-	-	105,399	52	-
YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	212,049	91	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	234,642	12	In agreed terms	-	-	19,252	6	-
YFY Packaging (Ha Nam) Co., Ltd.	YFY Packaging Thai Binh Co., Ltd.	Note 1 b	Sales	174,925	12	In agreed terms	-	-	14,365	5	-
YFY Packaging Thai Binh Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd.	Note 1 b	Sales	105,198	32	In agreed terms	-	-	8,010	18	-
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Mobius105 Ltd.	Note 1 b	Sales	113,568	6	In agreed terms	-	-	26,507	-	-

Note 1:   a.   Subsidiary.  
              b.   Parent company or the same ultimate parent company.  
              c.   Associate or substantive related party.

Note 2:   Unless otherwise specified, in preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

TABLE 7

## YFY INC. AND SUBSIDIARIES

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

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
YFY Packaging Inc.	Pek Crown Paper Co., Ltd. YFY Packaging (Yangzhou) Investment Co., Ltd.	Subsidiary	\$ 156,913	5.54	\$ -	-	\$ 153,745	\$ -	-
		The same ultimate parent company	125,018	5.66	-	-	90,566	-	-
Chung Hwa Pulp Corporation	Yuen Foong Yu Consumer Products Co., Ltd. Shenzhen Jinglun Paper Co., Ltd.	The same ultimate parent company	225,491	4.19	-	-	129,236	-	-
		Subsidiary	733,414	1.62	-	-	272,256	-	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Jiaxing) Co., Ltd.	The same ultimate parent company	218,329	1.65	-	-	103,177	-	-
		The same ultimate parent company	140,233	3.28	-	-	61,871	-	-
		The same ultimate parent company	299,863	1.95	-	-	153,245	-	-
		The same ultimate parent company	120,056	1.72	-	-	38,324	-	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd. YFY Paper Enterprise (Guangzhou) Co., Ltd. YFY Paper Enterprise (Dongguan) Co., Ltd. YFY Paper Enterprise (Zhongshan) Co., Ltd. YFY Paper Enterprise (Tianjin) Co., Ltd.	Subsidiary	1,368,153	3.55	-	-	604,031	-	-
		Subsidiary	280,289	5.00	-	-	196,229	-	-
		Subsidiary	242,577	3.12	-	-	69,576	-	-
		Subsidiary	120,066	5.02	-	-	85,515	-	-
		Subsidiary	173,584	4.13	-	-	76,740	-	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	105,399	2.02	-	-	43,806	-	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	151,214	5.22	-	-	151,214	-	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	134,525	13.54	-	-	134,525	-	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	287,729	9.60	-	-	287,729	-	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	134,406	2.38	-	-	111,249	-	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	102,227	2.55	-	-	95,173	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	108,095	5.92	-	-	48,504	-	-

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

TABLE 8

## YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
YFY Inc.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	\$ 5,715,988	\$ 5,715,988	627,827,088	57.8	\$ 9,173,556	\$ 445,934	\$ 247,987	Notes 1, 3 and 4
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Production and sale of SBR (styrene butadiene rubber) latex	71,687	71,687	50,968,248	48.0	2,859,377	174,993	84,594	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	3,146,761	681,920	403,350	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	5,120,390	9,911,750	1,160,071	Note 4
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	6,451,806	6,451,806	410,150,000	100.0	6,776,860	317,187	344,182	Notes 1, 3 and 4
	YFY International B.V.	Netherlands	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	14,809,227	(1,130,825)	(1,130,825)	Notes 1, 3 and 4
	YFY Global Investment B.V.	Netherlands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	7,076,519	498,634	498,634	Notes 1, 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	464,902	8,921	4,429	Notes 1, 3 and 4
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	607,641	343,000	70,000,000	100.0	498,888	17,441	4,401	Notes 1, 3 and 4
	YFY Development Corp.	Taipei, Taiwan	Real estate investment and development	2,311,115	2,311,115	188,600,000	100.0	4,804,581	374,842	374,842	Notes 1, 3 and 4
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	46,957	16,119	16,119	Notes 1, 3 and 4
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	240,885	7,301	1,405	Notes 1, 3 and 4
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	165,681,400	100.0	3,507,018	193,995	193,995	Notes 1, 3 and 4
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construction of water processing and environmental facilities	-	-	2,500,000	100.0	49,693	(189)	(189)	Notes 1, 3 and 4
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	68,028	(4,072)	(4,072)	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	72,735	6,422	3,272	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	85,848	12,349	12,349	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	8,850	(3,378)	(654)	Note 4
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	33,128	3,683	3,683	Notes 1, 3 and 4
	Ensilience Co., Ltd.	Taipei, Taiwan	Renewable energy self-use power generation equipment industry, energy technology service industry	150,000	-	15,000,000	100.0	149,993	(7)	(7)	Notes 1, 3, 4 and 9
YFY International B.V.	Hwa Fong Paper (Hong Kong) Co., Ltd.	Hong Kong, China	Sale and print of paper merchandise	US\$ 13,520 thousand	US\$ 13,520 thousand	116,000,000	100.0	US\$ 1,083 thousand	US\$ (449) thousand	US\$ (449) 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\$ 3 thousand	US\$ (3) thousand	US\$ (2) thousand	Notes 1, 3 and 4
	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 196,334 thousand	US\$ 196,334 thousand	312,501,731	100.0	US\$ 155,647 thousand	US\$ (43,377) thousand	US\$ (43,377) thousand	Notes 1, 3 and 4
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Malaysia	Investment and holding	-	US\$ 900 thousand	-	-	-	US\$ 4 thousand	US\$ 4 thousand	Notes 1, 3, 4 and 6
	Willpower Industries Ltd.	British Virgin Islands	Sale of various paper products	US\$ 82,438 thousand	US\$ 78,838 thousand	19,100,000	100.0	US\$ 61,961 thousand	US\$ 6,290 thousand	US\$ 6,290 thousand	Notes 1, 3 and 4
	Winsong Packaging Investment Company Limited	Hong Kong, China	Investment and holding	US\$ 20,370 thousand	US\$ 9,520 thousand	20,370,000	70.0	US\$ 19,617 thousand	US\$ (234) thousand	US\$ (164) thousand	Notes 1, 3 and 4
	YFYPack Advance Ltd.	British Virgin Islands	Investment and holding	-	-	-	-	-	thousand -	-	Notes 1, 3, 4 and 5
Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 17,900 thousand	US\$ 12,400 thousand	17,900,000	100.0	US\$ 16,104 thousand	US\$ (520) thousand	US\$ (520) 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\$ 2,005 thousand	US\$ 269 thousand	US\$ 269 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\$ 10,192 thousand	US\$ 5 thousand	US\$ 5 thousand	Notes 1, 3 and 4
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 8,700 thousand	US\$ 5,100 thousand	8,700,000	100.0	US\$ 47,100 thousand	US\$ 7,012 thousand	US\$ 7,012 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\$ 3,060 thousand	US\$ (2,941) thousand	US\$ (706) thousand	Note 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	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	VND 84,065,183 thousand	VND 6,948,987 thousand	VND 6,948,987 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	VND540,032,704 thousand	VND 88,506,002 thousand	VND 88,506,002 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\$ 8,975 thousand	US\$ 9,719 thousand	US\$ 9,719 thousand	Notes 1, 3 and 4
	YFY Jupiter Limited	Hong Kong, China	Design of packaging and sale of paper	-	-	3	100.0	US\$ 7,251 thousand	US\$ 4,354 thousand	US\$ 4,354 thousand	Notes 1, 3 and 4
	Jupiter Prestige Group Holdings Limited	United Kingdom	Investment and holding	GBP 219 thousand	GBP 219 thousand	88,078	58.3	US\$ 4,883 thousand	US\$ 3,188 thousand	US\$ 1,858 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\$ 1,590 thousand	US\$ 559 thousand	US\$ 559 thousand	Notes 1, 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\$ 2,235 thousand	US\$ 1,277 thousand	US\$ 1,264 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\$ 16 thousand	US\$ 517 thousand	US\$ 5 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\$ (471) thousand	US\$ (5) thousand	Notes 2, 3 and 4
	Spectiv Brands, LLC	USA	General trade	-	-	-	-	-	US\$ (6) thousand	US\$ (6) thousand	Notes 4 and 10
Mobius105 Ltd.	YJY Packaging Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 233 thousand	US\$ 909 thousand	US\$ 318 thousand	-
	JLD Logistics Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 276 thousand	US\$ 61 thousand	US\$ 21 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\$ 23 thousand	US\$ 1277 thousand	US\$ 13 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\$ (471) thousand	US\$ (466) 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\$ 1,594 thousand	US\$ 517 thousand	US\$ 512 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\$ 153 thousand	US\$ 58 thousand	US\$ 58 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\$ 4,499 thousand	US\$ 1,236 thousand	US\$ 1,236 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\$ 1,189 thousand	US\$ 1,133 thousand	US\$ 1,133 thousand	Notes 1, 3 and 4
	Jupiter Prestige Group Australia Pty Ltd.	Australia	Graphic design	-	-	100	100.0	US\$ 414 thousand	US\$ 215 thousand	US\$ 215 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\$ 785 thousand	US\$ 902 thousand	US\$ 744 thousand	Notes 1, 3 and 4
	Foster and Baylis (Prestige) Limited	United Kingdom	Graphic design	GBP 9 thousand	-	104	50.98	US\$ 259 thousand	US\$ 202 thousand	US\$ 69 thousand	Notes 1, 3, 4 and 8
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design	-	-	100	100.0	US\$ 3,021 thousand	US\$ 1,031 thousand	US\$ 1,031 thousand	Notes 1, 3 and 4
Jupiter Prestige Group North America Inc.	Contrast LLC	USA	Brand Design	US\$ 66 thousand	US\$ 66 thousand	-	80.0	US\$ 511 thousand	US\$ 418 thousand	US\$ 334 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\$ 154 thousand	US\$ 41 thousand	US\$ 41 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	-	-	-	-	-	Notes 1, 3, 4 and 11
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	219,623	219,623	20,027,557	66.8	391,241	49,863	42,317	Notes 1, 3 and 4
	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding	2,726,617	2,388,912	81,365,601	100.0	2,547,203	182,445	182,445	Notes 1, 3 and 4
YFY Global Investment B.V.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	-	US\$ 25,600 thousand	-	-	-	US\$ 12,775 thousand	-	Notes 1, 3 and 4
	Arizon RFID Technology (Cayman) Co., Ltd.	Cayman Islands	Investment and holding	US\$ 91,230 thousand	-	45,944,935	69.55	US\$ 90,756 thousand	US\$ 11,362 thousand	US\$ 9,350 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	83.7	US\$ 32,274 thousand	US\$ 9,229 thousand	US\$ 7,759 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\$ 361 thousand	US\$ (7) thousand	US\$ (7) thousand	Notes 1, 3 and 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee		Share of Profit (Loss)		Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount					
Arizon RFID Technology (Cayman) Co., Ltd.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	US\$ 128,999 thousand	\$ -	29,584,886	100.0	RMB 903,335 thousand	RMB 85,862 thousand	RMB 85,862 thousand			Notes 1, 3 and 4
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Product distribution and R&D services	US\$ 22,000 thousand	US\$ 12,000 thousand	22,000,000	100.0	RMB 103,338 thousand	RMB (10,396) thousand	RMB (10,396) 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 1,398 thousand	RMB (152) thousand	RMB (152) thousand			Notes 1, 3 and 4
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\$ 153 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	3,207,155	(110,636)	(110,636)			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	262,273	50,713	41,030			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	99,540	45,898	46,578			Notes 1, 3 and 4
	YFY Consumer Products, Co. Ltd.	USA	IP management and sale of consumer products by e-commerce	-	-	-	100.0	-	-	-			Notes 1, 3 and 4
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	11,067	(169)	(169)			Notes 1, 3 and 4
YFY Development Corp.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	15,206	15,206	1,181,633	0.1	17,158	445,934	464			Notes 3 and 4
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	63,446	63,446	5,136,400	1.9	102,294	681,920	13,112			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	949,455	9,911,750	202,736			Note 4
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	-	5,766	-	-	-	17,441	295			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	1,198	(3,378)	(89)			Note 4
	Arizon RFID Technology (Cayman) Co., Ltd.	Cayman Islands	Investment and holding	7,006	-	100,000	0.15	6,067	338,638	128			Notes 3 and 4
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	British Virgin Islands	Investment and holding	243,625	243,625	8,060	100.0	120,200	31,080	31,080			Notes 1, 3 and 4
	YFY Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.0	-	(28,382)	(8,446)			Note 4
	Foong Chuan Green Energy Co., Ltd.	Taoyuan, Taiwan	Waste (pollution) water treatment industry, resource recycling industry, environmental testing service industry	47,500	-	4,750,000	95.0	47,467	(34)	(32)			Notes 1, 3, 4 and 7
YFY Paradigm Investment Co., Ltd.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	79,242	79,242	7,752,732	0.7	112,590	445,934	3,047			Notes 3 and 4
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper-related merchandise	281,907	281,907	17,386,815	6.5	346,271	681,920	44,385			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	491,884	9,911,750	68,420			Note 4
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	46,447	46,447	4,283,232	4.1	52,685	7,301	302			Notes 3 and 4
	YFY Biotech Management Co., Ltd.	Taipei, Taiwan	Consulting	10,000	10,000	26,430,000	100.0	224,490	(13,946)	(13,946)			Notes 1, 3 and 4
	Livebricks Inc.	Taipei, Taiwan	Information processing services	2,000	77,000	200,002	100.0	1,920	57	57			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.	425	425	19,874	0.7	313	(3,378)	(23)			Note 4
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	108	108	9,000	0.07	106	6,422	5			Notes 3 and 4
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	152	152	10,000	0.03	195	49,863	17			Notes 3 and 4
	Arizon RFID Technology (Cayman) Co., Ltd.	Cayman Islands	Investment and holding	7,006	-	100,000	0.15	6,067	338,638	128			Notes 3 and 4
San Ying Enterprise Co., Ltd.	Foong Chuan Green Energy Co., Ltd.	Taoyuan, Taiwan	Waste (pollution) water treatment industry, resource recycling industry, environmental testing service industry	2,500	-	250,000	5.0	2,498	(34)	(2)			Notes 3, 4 and 7
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	672,074	9,911,750	173,831			Note 4
	CHP International (BVI) Corporation	British Virgin Islands	Investment and holding	1,747,085	1,747,085	61,039,956	100.0	5,239,951	129,278	134,037			Notes 1, 3 and 4
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	-	343,000	-	-	-	17,441	14,462			Notes 3 and 4
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.0	118,862	24,249	24,249			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\$ 271 thousand	US\$ (49) thousand	US\$ (49) thousand			Notes 1, 3 and 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd. Union Paper Corp. Genovella Renewables Inc.	Taipei, Taiwan Yunlin, Taiwan Hualien, Taiwan	To operate cogeneration and provide power technology Manufacture and sale of paper 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	\$ -	\$ 7,000	-	-	\$ -	\$ 17,441	\$ 295	Notes 3 and 4
				55,659	30,327	7,900,840	7.6	97,181	7,301	373	Notes 3 and 4
				5,000	5,000	-	100.0	21,796	3,407	3,407	Notes 1, 3 and 4

- 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:     YFYPack Advance Ltd. entered the liquidation in January 2022. Due to the Group’s loss of control, it has not been included in the consolidated financial statements since January 2022.
- Note 6:     YFY International Labuan Co., Ltd. entered the liquidation in September 2022. Due to the Group’s loss of control, it has not been included in the consolidated financial statements since September 2022.
- Note 7:     Foong Chuan Green Energy Co., Ltd. was established in October 2022 and has been included in the consolidated financial statements since then.
- Note 8:     Foster and Baylis (Prestige) Limited become subsidiary in October 2022 and has been included in the consolidated financial statements since then.
- Note 9:     Ensilience Co., Ltd. was established in November 2022 and has been included in the consolidated financial statements since then.
- Note 10:    Spectiv Brands, LLC entered the liquidation in December 2022. Due to the Group’s loss of control, it has not been included in the consolidated financial statements since December 2022.
- Note 11:    YFY Packaging (BVI) Corp. entered the liquidation in November 2022. Due to the Group’s loss of control, it has not been included in the consolidated financial statements since November 2022.

(Concluded)

TABLE 9

## YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

## 1. Information on investments in mainland China

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,550 (US\$ 5,000 thousand)	a.(a)	\$ 46,065 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 46,065 (US\$ 1,500 thousand)	\$ (61,249)	100.0	\$ (61,249) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	337,810 (US\$ 11,000 thousand)	a.(b)	214,970 (US\$ 7,000 thousand)	-	-	214,970 (US\$ 7,000 thousand)	(2,737)	100.0	(2,737) (Note 2)	410,643	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	214,970 (US\$ 7,000 thousand)	a.(b)	214,970 (US\$ 7,000 thousand)	-	-	214,970 (US\$ 7,000 thousand)	(9,301)	100.0	(9,301) (Note 2)	244,595	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	62,258	100.0	62,258 (Note 2)	413,341	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,260 (US\$ 6,000 thousand)	a.(b)	61,420 (US\$ 2,000 thousand)	-	-	61,420 (US\$ 2,000 thousand)	19,294	100.0	19,294 (Note 2)	269,678	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	249,150 (US\$ 8,113 thousand)	-	-	249,150 (US\$ 8,113 thousand)	69,115	100.0	69,115 (Note 2)	361,020	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	41,734	100.0	41,734 (Note 2)	408,402	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	305,841 (US\$ 9,959 thousand)	a.(c)	276,390 (US\$ 9,000 thousand)	-	-	276,390 (US\$ 9,000 thousand)	66,617	100.0	66,617 (Note 2)	404,501	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	291,745 (US\$ 9,500 thousand)	a.(b)	230,325 (US\$ 7,500 thousand)	-	-	230,325 (US\$ 7,500 thousand)	20,893	93.8	19,587 (Note 2)	345,905	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	199,615 (US\$ 6,500 thousand)	a.(b)	199,615 (US\$ 6,500 thousand)	-	-	199,615 (US\$ 6,500 thousand)	(12,836)	100.0	(12,836) (Note 2)	244,128	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,260 (US\$ 6,000 thousand)	a.(b)	147,408 (US\$ 4,800 thousand)	-	-	147,408 (US\$ 4,800 thousand)	63,980	100.0	63,980 (Note 2)	379,089	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,550 (US\$ 5,000 thousand)	a.(a)	\$ 153,550 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 153,550 (US\$ 5,000 thousand)	\$ (31,547)	100.0	\$ (31,547) (Note 2)	\$ 84,810	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,921,541 (US\$ 323,072 thousand)	a.(a)	2,671,770 (US\$ 87,000 thousand)	-	-	2,671,770 (US\$ 87,000 thousand)	(1,199,902)	100.0	(1,199,902) (Note 2)	4,937,103	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	9,971,383 (US\$ 324,695 thousand)	a.(b)	7,523,950 (US\$ 245,000 thousand)	-	-	7,523,950 (US\$ 245,000 thousand)	(1,441,648)	100.0	(1,441,648) (Note 2)	1,224,154	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	457,579 (US\$ 14,900 thousand)	a.(d)	430,124 (US\$ 14,006 thousand)	-	-	430,124 (US\$ 14,006 thousand)	5,376	94.0	5,053 (Note 2)	342,215	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	245,680 (US\$ 8,000 thousand)	a.(d)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	2,798	100.0	2,798 (Note 2)	105,292	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	856,710 (RMB 194,290 thousand)	a.(e)	779,788 (US\$ 25,392 thousand)	-	-	779,788 (US\$ 25,392 thousand)	381,158	69.8	309,326 (Note 2)	2,755,322	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	35,276 (RMB 8,000 thousand)	a.(f)	-	-	-	-	3,183	69.8	2,317 (Note 2)	43,629	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	10,749 (US\$ 350 thousand)	a.(g)	-	-	-	-	152,224	83.7	128,210 (Note 2)	161,431	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,819 (RMB 2,000 thousand)	a.(h)	-	-	-	-	42,727	83.7	35,954 (Note 2)	64,377	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	22,047 (RMB 5,000 thousand)	a.(h)	-	-	-	-	21,740	83.7	18,318 (Note 2)	45,826	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,614 (RMB 1,500 thousand)	a.(h)	-	-	-	-	761	29.3	220 (Note 6)	3,318	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(h)	-	-	-	-	393	29.3	115 (Note 6)	205	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,819 (RMB 2,000 thousand)	a.(h)	-	-	-	-	11,598	29.3	3,389 (Note 6)	5,824	-

(Continued)



Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,531,650 (US\$ 115,000 thousand)	a.(i)	\$ 3,531,650 (US\$ 115,000 thousand)	\$ -	\$ -	\$ 3,531,650 (US\$ 115,000 thousand)	\$ (135,182)	67.6	\$ (91,357) (Note 2)	\$ 1,448,578	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US\$ 30,000 thousand)	a.(j)	921,300 (US\$ 30,000 thousand)	-	-	921,300 (US\$ 30,000 thousand)	11,818	67.6	7,987 (Note 2)	197,993	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US\$ 30,000 thousand)	a.(j)	921,300 (US\$ 30,000 thousand)	-	-	921,300 (US\$ 30,000 thousand)	73,435	67.6	49,628 (Note 2)	842,052	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,629,697 (US\$ 85,630 thousand)	a.(k)	675,620 (US\$ 22,000 thousand)	-	-	675,620 (US\$ 22,000 thousand)	220,788	75.2	165,925 (Note 2)	3,539,074	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	671,935 (US\$ 21,880 thousand)	a.(l)	226,640 (US\$ 7,380 thousand)	-	-	226,640 (US\$ 7,380 thousand)	40,333	75.2	30,311 (Note 2)	2,270,107	-
Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	57,323 (RMB 13,000 thousand)	a.(m)	-	-	-	-	-	50.4	- (Note 2)	28,863	-
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	8,819 (RMB 2,000 thousand)	a.(n)	-	-	-	-	4,863	75.2	3,654 (Note 2)	12,051	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,110 (RMB 3,200 thousand)	a.(n)	-	-	-	-	4,112	75.2	3,091 (Note 2)	103,429	-
YFY (Shanghai) Supply Chain Management Co., Ltd. (originally named as YFY (Shanghai) Financial Services Co., Ltd.)	Supply chain management information and business management related consulting services	220,472 (RMB 50,000 thousand)	a.(o)	220,472 (RMB 50,000 thousand)	-	-	220,472 (RMB 50,000 thousand)	31,108	100.0	24,787 (Note 2)	120,012	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Notes 1 and 5)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,814,866	\$18,969,088	\$45,747,385

Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$29.8045 or RMB1=NT4.434649, the rest were translated at exchange rates of US\$1=NT\$30.71 or RMB1=NT\$4.409442 as of December 31, 2022.

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 year: 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:

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

(a) YFY Mauritius Corp. (b) YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (d) YFY International B.V. (e) YFY RFID Co. Limited (f) Arizon RFID Technology Co., Ltd. (g) Mobius105 Ltd. (h) YFY Jupiter (Shenzhen) Ltd. (i) Yuen Foong Yu Consumer Products Investment Limited (j) YFY investment Co., Ltd. (k) YFY International Limited and CHP International (BVI) Corporation (l) YFY International Limited, CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (m) Zhaoqing Dingfung Forestry Co., Ltd.(n) Guangdong Dingfung Pulp & Paper Co., Ltd. (o) YFY Capital Holdings Corp.

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,618,651 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.

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

(Concluded)

TABLE 10

## YFY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Subsidiary	Sales	\$ 958,066	By market price	1.2
				Accounts receivable	156,913	3 months after transaction month	0.1
		Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	749,871	By market price	0.9
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Sales	454,992	By market price	0.6
		YFY Packaging (Yangzhou) Investment Co., Ltd.	The same ultimate parent company	Sales	353,997	By market price	0.4
				Accounts receivable	125,018	In agreed terms	0.1
2	Chung Hwa Pulp Corporation	YFY Packaging Inc.	The same ultimate parent company	Sales	111,858	By market price	0.1
		YFY Development Corp.	The same ultimate parent company	Sales	767,046	By market price	1.0
		Shenzhen Jinglun Paper Co., Ltd.	Subsidiary	Sales	1,302,616	By market price	1.6
				Accounts receivable	733,414	5 months after transaction month	0.5
		Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Sales	754,151	By market price	0.9
				Accounts receivable	225,491	2 months after transaction month	0.2
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	228,545	By market price	0.3
				Accounts receivable	105,399	4 months after transaction month	0.1
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	638,492	By market price	0.8
5	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	1,666,388	By market price	2.1
				Accounts receivable	134,525	In agreed terms	0.1
6	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	2,514,182	By market price	3.2
				Accounts receivable	287,729	In agreed terms	0.2
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	295,963	By market price	0.4
7	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	269,953	By market price	0.3
8	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	Sales	4,873,882	By market price	6.1
				Accounts receivable	1,368,153	In agreed terms	1.0
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Subsidiary	Sales	882,196	By market price	1.1
				Accounts receivable	280,289	In agreed terms	0.2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Subsidiary	Sales	604,744	By market price	0.8
				Accounts receivable	173,584	In agreed terms	0.1
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Subsidiary	Sales	402,638	By market price	0.5
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Subsidiary	Sales	452,078	By market price	0.6
				Accounts receivable	242,577	In agreed terms	0.2

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
		YFY Paper Enterprise (Qingdao) Co., Ltd. YFY Paper Enterprise (Zhongshan) Co., Ltd.	Subsidiary Subsidiary	Sales Sales	\$ 334,999 444,536	By market price By market price	0.4 0.6
		YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Jiaxing) Co., Ltd.	Subsidiary Subsidiary Subsidiary The same ultimate parent company	Accounts receivable Sales Sales Sales Sales	120,066 188,789 186,678 236,202 140,149	In agreed terms By market price By market price By market price By market price	0.1 0.2 0.2 0.3 0.2
9	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	885,362 151,214	By market price In agreed terms	1.1 0.1
10	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales Accounts receivable	404,996 108,095	By market price 2 months after transaction month	0.5 0.1
11	Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Sales Accounts receivable	511,771 102,227	By market price 2 months after transaction month	0.6 0.1
12	YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	212,049	By market price	0.3
13	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Guangzhou) Co., Ltd. YFY Paper Enterprise (Jiaxing) Co., Ltd. YFY Paper Enterprise (Qingdao) Co., Ltd.	The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company	Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable Sales Sales Accounts receivable Sales	504,677 299,863 334,896 218,329 423,300 140,233 106,499 233,368 120,056 114,784	By market price In agreed terms By market price In agreed terms By market price In agreed terms By market price By market price In agreed terms By market price	0.6 0.2 0.4 0.2 0.5 0.1 0.1 0.3 0.1 0.1
14	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Sales Accounts receivable	330,545 134,406	By market price In agreed terms	0.4 0.1
15	Union Paper Corp.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	128,190	By market price	0.2
16	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Mobius105 Ltd.	The same ultimate parent company	Sales	113,568	By market price	0.1
17	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Subsidiary	Sales	234,642	By market price	0.3
18	YFY Packaging (Ha Nam) Co., Ltd.	YFY Packaging Thai Binh Co., Ltd.	The same ultimate parent company	Sales	174,925	By market price	0.2
19	YFY Packaging Thai Binh Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd.	The same ultimate parent company	Sales	105,198	By market price	0.1

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

(Concluded)

**TABLE 11****YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

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

Note: The information of major shareholders presented in this table is provided by Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the end of the year.

**YFY Inc.**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

# YFY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, 2023.

### 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 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of above 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 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 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 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 that does not result in the Company losing control, 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.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and if the exchange transaction has commercial substance.

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.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as investment properties and if the exchange transaction has commercial substance.

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 20.

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

a) Subsequent measurement

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

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.

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. 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 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.

## 6. CASH

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 136	\$ 294
Checking accounts and demand deposits	<u>9,567</u>	<u>12,894</u>
	<u>\$ 9,703</u>	<u>\$ 13,188</u>

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

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 20,411	\$ 6,302

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

	December 31	
	2022	2021
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares	\$ 10,518,084	\$ 10,090,731
Unlisted shares	<u>5,317,346</u>	<u>4,050,750</u>
	\$ 15,835,430	\$ 14,141,481

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

## 9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 53,864,956	\$ 52,249,143
Investments in associates	<u>5,129,240</u>	<u>4,132,875</u>
	\$ 58,994,196	\$ 56,382,018

### a. Investment in subsidiaries

	December 31	
	2022	2021
Listed company		
Chung Hwa Pulp Corporation	\$ 9,173,556	\$ 8,990,329
Yuen Foong Yu Consumer Products Co., Ltd. (Note)	3,146,761	3,131,418
Shin Foong Specialty and Applied Materials Co., Ltd.	2,859,377	3,533,897
Unlisted company		
YFY International B.V.	14,809,227	15,081,675
YFY Global Investment B.V.	7,076,519	6,128,215
YFY Packaging Inc.	6,776,860	6,661,743

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
YFY Development Corp.	\$ 4,804,581	\$ 4,223,452
YFY Paradigm Investment Co., Ltd.	3,507,018	3,119,423
Effion Enertech Co., Ltd.	498,888	230,807
China Color Printing Co., Ltd.	464,902	485,546
Union Paper Corp.	240,885	238,494
Ensilience Co., Ltd.	149,993	-
Fidelis IT Solutions Co., Ltd.	85,848	73,499
Yuen Yan Paper Container Co., Ltd.	72,735	72,861
YFY Japan Co., Ltd.	68,028	110,373
San Ying Enterprise Co., Ltd.	49,693	102,606
YFY Corporate Advisory & Service Co., Ltd.	46,957	35,360
Sustainable Carbohydrate Innovation Co., Ltd.	33,128	29,445
	<u>\$ 53,864,956</u>	<u>\$ 52,249,143</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:

	<b>December 31</b>	
<b>Name of Corporation</b>	<b>2022</b>	<b>2021</b>
Chung Hwa Pulp Corporation	57.8%	57.8%
Yuen Foong Yu Consumer Products Co., Ltd.	59.1%	59.1%
Shin Foong Specialty and Applied Materials Co., Ltd.	48.0%	48.0%
YFY International B.V.	100.0%	100.0%
YFY Global Investment B.V.	100.0%	100.0%
YFY Packaging Inc.	100.0%	100.0%
YFY Development Corp.	100.0%	100.0%
YFY Paradigm Investment Co., Ltd.	100.0%	100.0%
Effion Enertech Co., Ltd.	100.0%	49.0%
China Color Printing Co., Ltd.	49.7%	49.7%
Union Paper Corp.	18.9%	18.9%
Ensilience Co., Ltd.	100.0%	-
Fidelis IT Solutions Co., Ltd.	100.0%	100.0%
Yuen Yan Paper Container Co., Ltd.	50.9%	50.9%
YFY Japan Co., Ltd.	100.0%	100.0%
San Ying Enterprise Co., Ltd.	100.0%	100.0%
YFY Corporate Advisory & Service Co., Ltd.	100.0%	100.0%
Sustainable Carbohydrate Innovation Co., Ltd.	100.0%	100.0%

In 2022 and 2021, Shin Foong Specialty and Applied Materials Co., Ltd., China Color Printing 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. Effion Enertech Co., Ltd. was deemed subsidiary for the same reason in 2021.

In order to specialize on its major business operation, the Company's board of directors approved the "division spin-off capital reduction proposal" that spin-off assets, liabilities and business operation of the Chenggong plant of YFY Packaging Inc., integrate them into YFY Development Corp., and issue new shares by YFY Development Corp. as the consideration for the transfer of the division in January 2021. The above process 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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Material associates		
E Ink Holdings Inc.	\$ 5,120,390	\$ 4,123,242
Associates that are not individually material	<u>8,850</u>	<u>9,633</u>
	<u>\$ 5,129,240</u>	<u>\$ 4,132,875</u>
	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
E Ink Holdings Inc.	11.7%	11.7%

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):

<b>December 31</b>	
<b>2022</b>	<b>2021</b>
<u>\$ 18,269,138</u>	<u>\$ 17,134,409</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 25,164,715	\$ 19,263,374
Non-current assets	39,961,345	37,746,625
Current liabilities	(13,408,141)	(17,839,575)
Non-current liabilities	<u>(7,454,715)</u>	<u>(3,472,539)</u>
Equity	44,263,204	35,697,885
Non-controlling interests	<u>(576,216)</u>	<u>(530,719)</u>
	<u>\$ 43,686,988</u>	<u>\$ 35,167,166</u>
Proportion of the Company's ownership	11.7%	11.7%
Equity attributable to the Company	\$ 5,113,125	\$ 4,115,977
Goodwill	<u>7,265</u>	<u>7,265</u>
Carrying amount	<u>\$ 5,120,390</u>	<u>\$ 4,123,242</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	\$ 30,060,509	\$ 19,650,564
Profit for the year	\$ 9,939,345	\$ 5,212,048
Other comprehensive income	<u>1,933,092</u>	<u>2,298,867</u>
Total comprehensive income for the year	<u>\$ 11,872,437</u>	<u>\$ 7,510,915</u>

2) Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Company's share of:		
Profit (loss) for the year	\$ (654)	\$ 75,893
Other comprehensive income (loss)	<u>65</u>	<u>(40,462)</u>
Total comprehensive income for the year	<u>\$ (589)</u>	<u>\$ 35,431</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, 2022	\$ 593,549	\$ 157,380	\$ 15,261	\$ 57,313	\$ 823,503
Additions	-	-	-	594	594
Disposals	-	(18,621)	-	(14,985)	(33,606)
Balance at December 31, 2022	<u>\$ 593,549</u>	<u>\$ 138,759</u>	<u>\$ 15,261</u>	<u>\$ 42,922</u>	<u>\$ 790,491</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 139,852	\$ 15,231	\$ 55,124	\$ 210,207
Depreciation expense	-	1,012	14	963	1,989
Disposals	-	(18,621)	-	(14,985)	(33,606)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 122,243</u>	<u>\$ 15,245</u>	<u>\$ 41,102</u>	<u>\$ 178,590</u>
Carrying amounts at December 31, 2022	<u>\$ 593,549</u>	<u>\$ 16,516</u>	<u>\$ 16</u>	<u>\$ 1,820</u>	<u>\$ 611,901</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 593,549	\$ 157,897	\$ 141,677	\$ 78,472	\$ 971,595
Additions	-	-	-	921	921
Disposals	-	(517)	(126,416)	(22,080)	(149,013)
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	-	(502)	(126,416)	(22,033)	(148,951)
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>

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, 2022 and 2021 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 594	\$ 921
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>103</u>	<u>(226)</u>
	<u>\$ 697</u>	<u>\$ 695</u>

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 509	\$ 610
Others	<u>2,681</u>	<u>2,759</u>
	<u>\$ 3,190</u>	<u>\$ 3,369</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 1,165</u>	<u>\$ 6,310</u>
Depreciation charge for right-of-use assets		
Land	\$ 102	\$ 102
Others	<u>1,179</u>	<u>2,044</u>
	<u>\$ 1,281</u>	<u>\$ 2,146</u>

Except for the aforementioned addition and recognized depreciation expense, the Company did not have significant sublease or impairment of right-of-use assets in 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 1,137</u>	<u>\$ 1,307</u>
Non-current	<u>\$ 2,043</u>	<u>\$ 2,068</u>

The discount rates for lease liabilities adopted by the Company's assets were both 1.68%.

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 4,427</u>	<u>\$ 5,860</u>
Total cash outflow for leases	<u>\$ 5,783</u>	<u>\$ 8,058</u>



## 12. INVESTMENT PROPERTIES

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,948,535
Additions	53,343
Disposals	<u>(39,064)</u>
Balance at December 31, 2022	<u>\$ 1,962,814</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 98,879
Depreciation expense	1,355
Disposals	<u>(178)</u>
Balance at December 31, 2022	<u>\$ 100,056</u>
Carrying amounts at December 31, 2022	<u>\$ 1,862,758</u>
<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>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Acquisitions of investment properties	\$ 53,343	\$ -
Changes in prepayments for business facilities	<u>(53,032)</u>	<u>-</u>
	<u>\$ 311</u>	<u>\$ -</u>

The fair values of the investment properties owned by the Company were \$7,456,925 thousand and \$7,593,118 thousand as of December 31, 2022 and 2021, respectively. 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 \$27,366 thousand and \$37,889 thousand for the years ended December 31, 2022 and 2021, respectively.

The Company's board of directors approved the resolution of carrying out a joint construction of housing with Ho Tien Co., Ltd. (as a substantive related party of the Company) and cooperated in the construction of a portion of land in the Zhongshan Section of Zhongshan District, Taipei City. The Company provided the land, and Ho Tien Co., Ltd. was responsible in completing the construction. The joint construction was completed in October 2021 and a license for use was obtained. 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 21.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank credit loans	<u>\$ 840,000</u>	<u>\$ 1,580,000</u>

As of December 31, 2022 and 2021, the interest rate intervals of bank credit loans were 1.35%-1.65% per annum and 0.75%-0.80% per annum, respectively.

#### b. Short-term notes and bills payable

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Commercial paper	\$ 1,525,000	\$ 483,000
Less: Discount on short-term notes and bills payable	<u>(1,160)</u>	<u>(582)</u>
	<u>\$ 1,523,840</u>	<u>\$ 482,418</u>

Short-term notes and bills payable are commercial paper due within one year. Interest rate intervals on these notes and bills payable were 1.76%-1.86% per annum and 0.80%-0.81% per annum as of December 31, 2022 and 2021, respectively.

#### c. Non-current borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Syndicated loans	\$ 19,777,456	\$ 18,609,942
Long-term bank credit loans	<u>-</u>	<u>800,000</u>
	<u>\$ 19,777,456</u>	<u>\$ 19,409,942</u>

Long-term bank loans included syndicated and credit loans. Syndicated loans with monthly interest payments expire in December 2027 and have interest rate intervals of 1.79%-1.96% and 1.79% per annum as of December 31, 2022 and 2021; credit loans expire in November 2022 and have interest rate intervals of 0.78% per annum as of December 31, 2021.

## 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 1,423,876	\$ 1,594,659
Fair value of plan assets	<u>(1,432,760)</u>	<u>(1,926,523)</u>
Net defined benefit assets	<u>\$ (8,884)</u>	<u>\$ (331,864)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 1,594,659</u>	<u>\$ (1,926,523)</u>	<u>\$ (331,864)</u>
Service cost			
Net interest expense (income)	<u>11,327</u>	<u>(14,041)</u>	<u>(2,714)</u>
Recognized in profit or loss	<u>11,327</u>	<u>(14,041)</u>	<u>(2,714)</u>
Remeasurement			
Return on plan assets	-	440,793	440,793
Actuarial loss (gain)			
Changes in financial assumptions	<u>(73,080)</u>	-	<u>(73,080)</u>
Experience adjustments	<u>17,981</u>	-	<u>17,981</u>
Recognized in other comprehensive loss (income)	<u>(55,099)</u>	<u>440,793</u>	<u>385,694</u>
Contributions from the employer	-	(60,000)	(60,000)
Benefits paid	<u>(127,011)</u>	<u>127,011</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,423,876</u>	<u>\$ (1,432,760)</u>	<u>\$ (8,884)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
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> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	<u>\$ (2,714)</u>	<u>\$ (341)</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.75%	0.75%
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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates		
0.125% increase	<u>\$ (8,667)</u>	<u>\$ (10,853)</u>
0.125% decrease	<u>\$ 8,767</u>	<u>\$ 10,988</u>
Expected rates of salary increase		
0.125% increase	<u>\$ 8,825</u>	<u>\$ 10,951</u>
0.125% decrease	<u>\$ (8,744)</u>	<u>\$ (10,843)</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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 60,000</u>	<u>\$ 60,000</u>
The average duration of the defined benefit obligation	5 years	5.5 years

## 15. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
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 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) 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 2021 and 2020 were as follows:

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

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

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on March 15, 2022. The appropriations and dividends per share were as follows:

	<b>2022</b>
Legal reserve	\$ 211,224
Cash dividends	<u>\$ 1,494,334</u>
Cash dividends per share (NT\$)	<u>\$ 0.9</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 20, 2023.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning at January 1	\$ 4,000,001	\$ 4,001,813
Reversal:		
Disposal of investment properties	<u>(4,981)</u>	<u>(1,812)</u>
Balance at December 31	<u>\$ 3,995,020</u>	<u>\$ 4,000,001</u>

e. Other equity items

	<b>Exchange of Differences on Translation of Foreign Financial Statements</b>	<b>Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	<b>Gains (Losses) on Hedging Instruments</b>	<b>Total</b>
<u>For the year ended December 31, 2022</u>				
Balance at January 1	\$ (2,185,616)	\$ 10,575,017	\$ -	\$ 8,389,401
Unrealized gains on financial assets measured at FVTOCI	-	1,693,949	-	1,693,949
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	1,797,707	301,941	-	2,099,648
Changes in equity of associates accounted for using equity method	371	-	-	371
Disposal of partial interests in subsidiaries	36,905	-	-	36,905
Changes in ownership interest in subsidiaries	(6,541)	-	-	(6,541)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(176,626)</u>	<u>-</u>	<u>(176,626)</u>
Balance at December 31	<u>\$ (357,174)</u>	<u>\$ 12,394,281</u>	<u>\$ -</u>	<u>\$ 12,037,107</u>

(Continued)

	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> (Concluded)

## 16. NET PROFIT

### a. Finance costs

	<u>For the Year Ended December 31</u>	
	2022	2021
Interest on bank loans	\$ 313,165	\$ 222,191
Interest on lease liabilities	<u>48</u>	<u>88</u>
	<u>\$ 313,213</u>	<u>\$ 222,279</u>

### b. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2022	2021
Property, plant and equipment	\$ 1,989	\$ 3,508
Right-of-use assets	1,281	2,146
Investment properties	1,355	852
Other non-current assets	<u>2,439</u>	<u>4,874</u>
	<u>\$ 7,064</u>	<u>\$ 11,380</u>
An analysis of deprecation by function		
Operating expenses	<u>\$ 4,625</u>	<u>\$ 6,506</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 2,439</u>	<u>\$ 4,874</u>



c. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 4,527	\$ 3,907
Defined benefit plans	<u>(2,714)</u>	<u>(341)</u>
	1,813	3,566
Other employee benefits	<u>244,301</u>	<u>253,700</u>
Total employee benefits expense	<u>\$ 246,114</u>	<u>\$ 257,266</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 246,114</u>	<u>\$ 257,266</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, 2022 and 2021 which have been approved by the Company's board of directors on March 15, 2023 and 2022, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	0.10%	0.10%
Remuneration of directors	0.96%	0.41%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 2,403	\$ 5,550
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, 2021 and 2020.

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

## 17. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
Income tax on unappropriated earnings	\$ 84,904	147,096
Land value increment tax	5,569	11,333
House and land transactions income tax	<u>239</u>	<u>-</u>
	90,712	158,429
Deferred tax		
In respect of the current year	<u>5,011</u>	<u>371</u>
Income tax expense recognized in profit or loss	<u>\$ 95,723</u>	<u>\$ 158,800</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income before tax	<u>\$ 2,265,233</u>	<u>\$ 5,363,054</u>
Income tax expense calculated at the statutory rate (20%)	\$ 453,046	\$ 1,072,610
Nondeductible expenses in determining taxable income	1,174	1,609
Tax-exempt income	(575,633)	(1,177,026)
Income tax on unappropriated earnings	84,904	147,096
Land value increment tax	5,569	11,333
Unrecognized deductible temporary differences	126,424	103,178
House and land transactions income tax	<u>239</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 95,723</u>	<u>\$ 158,800</u>

- b. Income tax recognized in other comprehensive income (loss)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ (77,139)	\$ 46,852
Share of the other comprehensive loss of subsidiaries and associates	<u>17,872</u>	<u>(7,442)</u>
	<u>\$ (59,267)</u>	<u>\$ 39,410</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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Others	\$ 7,555	\$ (5,038)	\$ -	\$ 2,517
<u>Deferred tax liabilities</u>				
Temporary difference				
Reserve for land revaluation increment tax	\$ 350,116	\$ -	\$ -	\$ 350,116
Defined benefit plan	116,154	-	(77,139)	39,015
Others	524	(27)	-	497
	<u>\$ 466,794</u>	<u>\$ (27)</u>	<u>\$ (77,139)</u>	<u>\$ 389,628</u>

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	\$ -	\$ 7,555	\$ -	\$ 7,555
<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	526	(2)	-	524
	<u>\$ 412,016</u>	<u>\$ 7,926</u>	<u>\$ 46,852</u>	<u>\$ 466,794</u>

d. Income tax approved situation

The application case for the year end of 2018 has been approved by taxing authority.

## 18. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share (NT\$)	<u>\$ 1.31</u>	<u>\$ 3.13</u>
Diluted earnings per share (NT\$)	<u>\$ 1.31</u>	<u>\$ 3.13</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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year	<u>\$ 2,169,510</u>	<u>\$ 5,204,254</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,169,510</u>	<u>\$ 5,204,254</u>

### Number of Share (In Thousands)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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>131</u>	<u>186</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,503</u>	<u>1,660,558</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. 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).

## 20. 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 20,411	\$ -	\$ -	\$ 20,411
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 10,518,084	\$ -	\$ -	\$ 10,518,084
Domestic unlisted shares	-	-	5,317,346	5,317,346
	\$ 10,518,084	\$ -	\$ 5,317,346	\$ 15,835,430

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,302	\$ -	\$ -	\$ 6,302
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 10,090,731	\$ -	\$ -	\$ 10,090,731
Domestic unlisted shares	-	-	4,050,750	4,050,750
	\$ 10,090,731	\$ -	\$ 4,050,750	\$ 14,141,481

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

For the year ended December 31, 2022

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 4,050,750
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	1,266,596
Balance at December 31, 2022	\$ 5,317,346

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
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	<u>(26,122)</u>
Balance at December 31, 2021	<u>\$ 4,050,750</u>

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>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 20,411	\$ 6,302
FVTOCI		
Equity instruments	15,835,430	14,141,481
Amortized cost (1)	16,868	47,526
<u>Financial liabilities</u>		
Amortized cost (2)	22,236,549	21,579,151

- 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 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial liabilities	\$ 1,523,840	\$ 482,418
Lease liabilities	3,180	3,375
Cash flow interest rate risk		
Financial assets	9,567	12,894
Financial liabilities	20,617,456	20,989,942

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, 2022 and 2021 would have decreased/increased by \$41,216 thousand and \$41,954 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, 2022 and 2021 would have increased/decreased by \$1,021 thousand and \$315 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, 2022 and 2021 would have increased/decreased by \$791,772 thousand and \$707,074 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, 2022 and 2021, the amount of unused financing facilities was \$17,117,480 thousand and \$17,202,440 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, 2022

	<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 1,217,585	\$ 20,777,814	\$ -
Fixed interest rate liabilities	1,525,000	-	-
Lease liabilities	<u>1,268</u>	<u>2,093</u>	<u>-</u>
	<u>\$ 2,743,853</u>	<u>\$ 20,779,907</u>	<u>\$ -</u>

December 31, 2021

	<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5+ Years</b>
<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>

## 21. 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
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.	Subsidiary
YFY Paradigm Investment Co., Ltd.	Subsidiary
YFY Biotech Co., Ltd.	Associate

(Continued)

<b>Related Party</b>	<b>Relationship with the Company</b>
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

(Concluded)

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Receivables from related parties	Associate		
	YFY Biotech Co., Ltd.	\$ 130	\$ 105
	Substantive related party		
	Ho Tien Co., Ltd.	<u>-</u>	<u>26,520</u>
		<u>\$ 130</u>	<u>\$ 26,625</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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Payables to related parties	Subsidiaries		
	China Color Printing Co., Ltd.	\$ -	\$ 312
	Others	<u>8</u>	<u>86</u>
		<u>8</u>	<u>398</u>
	Entities with key management personnel		
	Hsin-Yi Enterprise Co., Ltd.	431	651
	Others	<u>5</u>	<u>4</u>
		<u>436</u>	<u>655</u>
	Substantive related party		
	SinoPac Securities Corporation	<u>332</u>	<u>304</u>
	Associate	<u>-</u>	<u>74</u>
		<u>\$ 776</u>	<u>\$ 1,431</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	
	2022	2021
Subsidiaries		
Fidelis IT Solutions Co., Ltd.	\$ <u>-</u>	\$ <u>98</u>

e. Acquisitions of investment properties

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Substantive related party		
Ho Tien Co., Ltd.	\$ <u>53,032</u>	\$ <u>-</u>

f. Disposal of investment properties

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Substantive related party				
Ho Tien Co., Ltd.	\$ <u>-</u>	\$ <u>26,520</u>	\$ <u>-</u>	\$ <u>24,053</u>

The proceeds of \$26,520 thousand were fully collected in February 2022.

g. 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	<u>344,486</u>	(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.

h. Others

Rental income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Chung Hwa Pulp Corporation	\$ 11,028	\$ 11,028
Others	<u>709</u>	<u>709</u>
	<u>11,737</u>	<u>11,737</u>
Entities with key management personnel		
Yuen Foong Paper Co., Ltd.	7,885	7,885
Others	<u>154</u>	<u>159</u>
	<u>8,039</u>	<u>8,044</u>
Substantive related party		
Hsin-Yi Foundation	3,959	3,989
Others	<u>2,007</u>	<u>3,216</u>
	<u>5,966</u>	<u>7,205</u>
Associate	<u>1,649</u>	<u>1,410</u>
	<u>\$ 27,391</u>	<u>\$ 28,396</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Entities with key management personnel	\$ 4,285	\$ 5,708
Subsidiaries	114	114
Substantive related party	<u>-</u>	<u>10</u>
	<u>\$ 4,399</u>	<u>\$ 5,832</u>

Service fee expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 33,543	\$ 31,645
Substantive related party	<u>4,493</u>	<u>4,013</u>
	<u>\$ 38,036</u>	<u>\$ 35,658</u>

Other expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Associate	<u>\$ 1,068</u>	<u>\$ 5,210</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.

i. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 93,308	\$ 89,858
Post-employment benefits	<u>976</u>	<u>6,326</u>
	<u>\$ 94,284</u>	<u>\$ 96,184</u>

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

## 22. OTHER ITEMS

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

## 23. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to adjust assets allocation and improve return on assets, the board of directors approved to sell the factory and land located in Tainan City (recognized in investment property) by public auctioning on March 2023, and authorized a professional real estate auction consulting agency to handle the public bidding operation.

## 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:

	<b>December 31, 2022</b>		
	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Foreign currency assets</u>			
Investments in subsidiaries			
USD	\$ 712,659	30.71 (USD:NTD)	\$ 21,885,746

	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

## 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, 2022  
(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 Paper Mfg. (Yangzhou) Co., Ltd.	Note 3	\$ 83,613,023	\$ 2,610,814	\$ 2,297,183	\$ 1,207,341	\$ -	4.20	\$ 111,484,030	Yes	No	Yes
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3	83,613,023	1,082,196	1,058,266	-	-	1.94	111,484,030	Yes	No	Yes
1	<u>Credit line (Note 4)</u> YFY Inc.	YFY Development Corp.	Note 3	83,613,023	3,900,000	3,450,000	1,440,000	-	6.31	111,484,030	No	No	No
		YFY Paradigm Investment Co., Ltd.	Note 3	83,613,023	2,370,000	2,370,000	380,000	-	4.34	111,484,030	No	No	No
		YFY International B.V.	Note 3	83,613,023	3,173,813	2,941,060	101,890	-	5.38	111,484,030	No	No	No
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3	83,613,023	450,915	264,566	-	-	0.48	111,484,030	No	No	No
		YFY Global Investment B.V.	Note 3	83,613,023	1,481,890	1,412,660	45,667	-	2.59	111,484,030	No	No	No
		YFY Jupiter Limited	Note 3	83,613,023	417,340	416,260	121,304	-	0.76	111,484,030	No	No	No
		YFY Jupiter (BVI) Inc.	Note 3	83,613,023	483,225	460,650	-	-	0.84	111,484,030	No	No	No
		Mobius105 Ltd.	Note 3	83,613,023	96,645	92,130	61,420	-	0.17	111,484,030	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, 2022

(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, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	1,445,041	\$ 20,411	-	\$ 20,411	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	480,699,993	8,051,725	4.2	8,051,725	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	97,502,590	1,564,917	13.6	1,564,917	
	Zhen Ding Technology Holding Limited	-	Non-current financial assets at fair value through other comprehensive income	7,464,617	783,785	0.8	783,785	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,025,078	117,657	2.3	117,657	
	Taiwan Stock Exchange Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	30,762,597	4,621,711	3.0	4,621,711	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	20,826,000	218,953	12.9	218,953	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	12,443,688	184,004	14.9	184,004	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	4,200,000	82,171	14.0	82,171	
	Synmax Biochemical Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,999,371	73,962	13.9	73,962	
	Shin Taiwan Kubota Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,612	58,425	5.5	58,425	
	Universal Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,221,228	38,022	3.0	38,022	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,600,000	18,971	8.0	18,971	
	Yuen Foong Paper Co., Ltd.	Note 2	Non-current financial assets at fair value through other comprehensive income	544,067	11,395	0.7	11,395	
	Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.)	-	Non-current financial assets at fair value through other comprehensive income	696,564	6,351	3.0	6,351	
	China Trade and Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	377,634	3,381	0.6	3,381	

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, 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
YFY Inc.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	\$ 5,715,988	\$ 5,715,988	627,827,088	57.8	\$ 9,173,556	\$ 445,934	\$ 247,987	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	3,146,761	681,920	403,350	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	71,687	50,968,248	48.0	2,859,377	174,993	84,594	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	5,120,390	9,911,750	1,160,071	Notes 2 and 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	6,451,806	6,451,806	410,150,000	100.0	6,776,860	317,187	344,182	Notes 1 and 3
	YFY International B.V.	Netherlands	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	14,809,227	(1,130,825)	(1,130,825)	Notes 1 and 3
	YFY Global Investment B.V.	Netherlands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	7,076,519	498,634	498,634	Notes 1 and 3
	China Color Printing Co., Ltd.	New Taipei, Taiwan	Design and printing of magazines, posters and books	190,068	190,068	32,896,330	49.7	464,902	8,921	4,429	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	607,641	343,000	70,000,000	100.0	498,888	17,441	4,401	Notes 1 and 3
	YFY Development Corp.	Taipei, Taiwan	Real estate investment and development	2,311,115	2,311,115	188,600,000	100.0	4,804,581	374,842	374,842	Notes 1 and 3
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	46,957	16,119	16,119	Notes 1 and 3
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	240,885	7,301	1,405	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	165,681,400	100.0	3,507,018	193,995	193,995	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	49,693	(189)	(189)	Notes 1 and 3
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	68,028	(4,072)	(4,072)	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	72,735	6,422	3,272	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	85,848	12,349	12,349	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	8,850	(3,378)	(654)	Notes 2 and 3
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	33,128	3,683	3,683	Notes 1 and 3
	Ensilience Co., Ltd.	Taipei, Taiwan	Renewable energy self-use power generation equipment industry, energy technology service industry	150,000	-	15,000,000	100.0	149,993	(7)	(7)	Notes 1, 3 and 4

Note 1: Subsidiary.

Note 2: Associate.

Note 3: Recognized from financial statements audited by the auditors for the same periods.

Note 4: Ensilience Co., Ltd. was established in November 2022 and has been included as a component of the consolidated financial statements.

TABLE 4

## YFY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

## 1. Information on investments in mainland China

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,550 (US\$ 5,000 thousand)	a.(a)	\$ 46,065 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 46,065 (US\$ 1,500 thousand)	\$ (61,249)	100.0	\$ (61,249) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	337,810 (US\$ 11,000 thousand)	a.(b)	214,970 (US\$ 7,000 thousand)	-	-	214,970 (US\$ 7,000 thousand)	(2,737)	100.0	(2,737) (Note 2)	410,643	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	214,970 (US\$ 7,000 thousand)	a.(b)	214,970 (US\$ 7,000 thousand)	-	-	214,970 (US\$ 7,000 thousand)	(9,301)	100.0	(9,301) (Note 2)	244,595	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	62,258	100.0	62,258 (Note 2)	413,341	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,260 (US\$ 6,000 thousand)	a.(b)	61,420 (US\$ 2,000 thousand)	-	-	61,420 (US\$ 2,000 thousand)	19,294	100.0	19,294 (Note 2)	269,678	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	249,150 (US\$ 8,113 thousand)	-	-	249,150 (US\$ 8,113 thousand)	69,115	100.0	69,115 (Note 2)	361,020	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	245,680 (US\$ 8,000 thousand)	a.(b)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	41,734	100.0	41,734 (Note 2)	408,402	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	305,841 (US\$ 9,959 thousand)	a.(c)	276,390 (US\$ 9,000 thousand)	-	-	276,390 (US\$ 9,000 thousand)	66,617	100.0	66,617 (Note 2)	404,501	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	291,745 (US\$ 9,500 thousand)	a.(b)	230,325 (US\$ 7,500 thousand)	-	-	230,325 (US\$ 7,500 thousand)	20,893	93.8	19,587 (Note 2)	345,905	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	199,615 (US\$ 6,500 thousand)	a.(b)	199,615 (US\$ 6,500 thousand)	-	-	199,615 (US\$ 6,500 thousand)	(12,836)	100.0	(12,836) (Note 2)	244,128	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,260 (US\$ 6,000 thousand)	a.(b)	147,408 (US\$ 4,800 thousand)	-	-	147,408 (US\$ 4,800 thousand)	63,980	100.0	63,980 (Note 2)	379,089	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,550 (US\$ 5,000 thousand)	a.(a)	\$ 153,550 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 153,550 (US\$ 5,000 thousand)	\$ (31,547)	100.0	\$ (31,547) (Note 2)	\$ 84,810	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,921,541 (US\$ 323,072 thousand)	a.(a)	2,671,770 (US\$ 87,000 thousand)	-	-	2,671,770 (US\$ 87,000 thousand)	(1,199,902)	100.0	(1,199,902) (Note 2)	4,937,103	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	9,971,383 (US\$ 324,695 thousand)	a.(b)	7,523,950 (US\$ 245,000 thousand)	-	-	7,523,950 (US\$ 245,000 thousand)	(1,441,648)	100.0	(1,441,648) (Note 2)	1,224,154	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	457,579 (US\$ 14,900 thousand)	a.(d)	430,124 (US\$ 14,006 thousand)	-	-	430,124 (US\$ 14,006 thousand)	5,376	94.0	5,053 (Note 2)	342,215	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	245,680 (US\$ 8,000 thousand)	a.(d)	245,680 (US\$ 8,000 thousand)	-	-	245,680 (US\$ 8,000 thousand)	2,798	100.0	2,798 (Note 2)	105,292	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	856,710 (RMB 194,290 thousand)	a.(e)	779,788 (US\$ 25,392 thousand)	-	-	779,788 (US\$ 25,392 thousand)	381,158	69.8	309,326 (Note 2)	2,755,322	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	35,276 (RMB 8,000 thousand)	a.(f)	-	-	-	-	3,183	69.8	2,317 (Note 2)	43,629	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	10,749 (US\$ 350 thousand)	a.(g)	-	-	-	-	152,224	83.7	128,210 (Note 2)	161,431	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,819 (RMB 2,000 thousand)	a.(h)	-	-	-	-	42,727	83.7	35,954 (Note 2)	64,377	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	22,047 (RMB 5,000 thousand)	a.(h)	-	-	-	-	21,740	83.7	18,318 (Note 2)	45,826	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,614 (RMB 1,500 thousand)	a.(h)	-	-	-	-	761	29.3	220 (Note 6)	3,318	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(h)	-	-	-	-	393	29.3	115 (Note 6)	205	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,819 (RMB 2,000 thousand)	a.(h)	-	-	-	-	11,598	29.3	3,389 (Note 6)	5,824	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee (Note 1)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,531,650 (US\$ 115,000 thousand)	a.(i)	\$ 3,531,650 (US\$ 115,000 thousand)	\$ -	\$ -	\$ 3,531,650 (US\$ 115,000 thousand)	\$ (135,182)	67.6	\$ (91,357) (Note 2)	\$ 1,448,578	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US\$ 30,000 thousand)	a.(j)	921,300 (US\$ 30,000 thousand)	-	-	921,300 (US\$ 30,000 thousand)	11,818	67.6	7,987 (Note 2)	197,993	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,300 (US\$ 30,000 thousand)	a.(j)	921,300 (US\$ 30,000 thousand)	-	-	921,300 (US\$ 30,000 thousand)	73,435	67.6	49,628 (Note 2)	842,052	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,629,697 (US\$ 85,630 thousand)	a.(k)	675,620 (US\$ 22,000 thousand)	-	-	675,620 (US\$ 22,000 thousand)	220,788	75.2	165,925 (Note 2)	3,539,074	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	671,935 (US\$ 21,880 thousand)	a.(l)	226,640 (US\$ 7,380 thousand)	-	-	226,640 (US\$ 7,380 thousand)	40,333	75.2	30,311 (Note 2)	2,270,107	-
Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	57,323 (RMB 13,000 thousand)	a.(m)	-	-	-	-	-	50.4	- (Note 2)	28,863	-
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	8,819 (RMB 2,000 thousand)	a.(n)	-	-	-	-	4,863	75.2	3,654 (Note 2)	12,051	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,110 (RMB 3,200 thousand)	a.(n)	-	-	-	-	4,112	75.2	3,091 (Note 2)	103,429	-
YFY (Shanghai) Supply Chain Management Co., Ltd. (originally named as YFY (Shanghai) Financial Services Co., Ltd.)	Supply chain management information and business management related consulting services	220,472 (RMB 50,000 thousand)	a.(o)	220,472 (RMB 50,000 thousand)	-	-	220,472 (RMB 50,000 thousand)	31,108	100.0	24,787 (Note 2)	120,012	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Notes 1 and 5)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,814,866	\$21,425,888	\$45,747,385

- Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$29.8045 or RMB1=NT\$4.434649, the rest were translated at exchange rates of US\$1=NT\$30.71 or RMB1=NT\$4.409442 as of December 31, 2022.
- 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 Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (d) YFY International B.V. (e) YFY RFID Co., Ltd. (f) Arizon RFID Technology Co., Ltd. (g) Mobius105 Ltd. (h) YFY Jupiter (Shenzhen) Ltd. (i) Yuen Foong Yu Consumer Products Investment Limited (j) YFY investment Co., Ltd. (k) YFY International B.V. and CHP International (BVI) Corporation (l) YFY International B.V., CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (m) Zhaoqing Dingfung Forestry Co., Ltd. (n) Guangdong Dingfung Pulp & Paper Co., Ltd. (o) YFY Capital Holdings Corp.
- Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,618,651 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.
2. Investment in mainland China’s significant transaction events that occur directly or indirectly through companies set up in another country are referred to in Tables 2, 3, 6, 7 and 10.

(Concluded)

**TABLE 5****YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

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

Note: The information of major shareholders presented in this table is provided by Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current year.

## YFY INC.

### CONTENTS OF THE STATEMENTS OF IMPORTANT ACCOUNTING ITEMS

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Item	Index
Statement of Assets, Liabilities and Equities	
Statement of cash	Note 6
Statement of financial assets at FVTOCI	Schedule 1
Statement of changes in investments accounted for using the equity method	Schedule 2
Statement of changes in property, plant and equipment	Note 10
Statement of changes in accumulated depreciation of property, plant and equipment	Note 10
Statement of changes in investment properties	Note 12
Statement of changes in accumulated depreciation of investment properties	Note 12
Statement of deferred tax assets	Note 17
Statement of current borrowings	Schedule 3
Statement of short-term notes and bills payable	Schedule 4
Statement of non-current borrowings	Schedule 5
Statement of deferred tax liabilities	Note 17
Statement of Profit and Loss	
Statement of operating expenses	Schedule 6
Statement of finance costs	Note 16
Statement of employee benefits expense, depreciation and amortization by function	Schedule 7



**YFY INC.**

**STATEMENT OF FINANCIAL ASSETS AT FVTOCI  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Securities Name	Balance, December 31, 2021		Increase in 2022		Decrease in 2022		The Amount of This Year's Evaluation (Note 3)	Fair Value at the End of the Year			
			Shares (Note 1)	Amount	Shares (Note 2)	Amount		Shares	Percentage of Ownership (%)	Amount	Note
Ordinary Shares - listed company											
SinoPac Financial Holdings Co., Ltd.	475,940,588	\$ 7,686,441	4,759,405	\$ -	-	\$ -	\$ 365,284	480,699,993	4.2	\$ 8,051,725	Note 4
TaiGen Biopharmaceuticals Holdings Ltd.	97,502,590	1,501,540	-	-	-	-	63,377	97,502,590	13.6	1,564,917	Note 4
Zhen Ding Technology Holding Limited	7,464,617	750,194	-	-	-	-	33,591	7,464,617	0.8	783,785	Note 4
Medeon Biodesign, Inc.	1,687,565	<u>152,556</u>	337,513	-	-	-	<u>(34,899)</u>	2,025,078	2.3	<u>117,657</u>	Note 4
		<u>10,090,731</u>		-		-	<u>427,353</u>			<u>10,518,084</u>	
Ordinary Shares - unlisted company											
Taiwan Stock Exchange Corporation	25,215,244	3,198,935	5,547,353	-	-	-	1,422,776	30,762,597	3.0	4,621,711	
Canada Investment and Development Co., Ltd.	20,826,000	229,687	-	-	-	-	(10,734)	20,826,000	12.9	218,953	
KHL IB Venture Capital Co., Ltd.	12,443,688	273,718	-	-	-	-	(89,714)	12,443,688	14.9	184,004	
Fu Hwa Development Enterprise Co., Ltd.	4,200,000	74,601	-	-	-	-	7,570	4,200,000	14.0	82,171	
Synmax Biochemical Co., Ltd.	5,999,371	140,378	-	-	-	-	(66,416)	5,999,371	13.9	73,962	
Shin Taiwan Kubota Co., Ltd.	5,612	49,289	-	-	-	-	9,136	5,612	5.5	58,425	
Universal Investment Co., Ltd.	5,221,228	43,338	-	-	-	-	(5,316)	5,221,228	3.0	38,022	
Taiwan Creative Industry Development Co., Ltd.	1,600,000	17,865	-	-	-	-	1,106	1,600,000	8.0	18,971	
Yuen Foong Paper Co., Ltd.	544,067	11,414	-	-	-	-	(19)	544,067	0.7	11,395	
Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.)	1,691,656	8,246	-	-	(995,092)	-	(1,895)	696,564	3.0	6,351	
China Trade and Development Corp.	377,634	<u>3,279</u>	-	-	-	-	<u>102</u>	377,634	0.6	<u>3,381</u>	
		<u>4,050,750</u>		-		-	<u>1,266,596</u>			<u>5,317,346</u>	
		<u>\$ 14,141,481</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 1,693,949</u>			<u>\$ 15,835,430</u>	

Note 1 The companies issued stock dividends.

Note 2: Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.) applies for capital reduction to cover losses.

Note 3: Accounted for unrealized gain (loss) on financial assets at FVTOCI.

Note 4: Calculated based on the closing price at the end of 2022.

**YFY INC.**

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Investee Company (Note 1)	Balance, December 31, 2021		Increase in 2022 (Note 2)		Decrease in 2022 (Note 3)		Share of Profit or Loss of Subsidiaries and Associates	Equity Adjustments (Note 4)	Balance, December 31, 2022			Market Price (Notes 5 and 6)	
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership (%)	Amount	Unit Price (NT\$)	Total Amount
Listed company													
Chung Hwa Pulp Corporation	627,827,088	\$ 8,990,329	-	\$ -	-	\$ (254,815)	\$ 247,987	\$ 190,055	627,827,088	57.8	\$ 9,173,556	\$ 16.15	\$ 10,139,407
Yuen Foong Yu Consumer Products Co., Ltd.	158,004,565	3,131,418	-	-	-	(474,014)	403,350	86,007	158,004,565	59.1	3,146,761	34.95	5,522,260
Shin Foong Specialty and Applied Materials Co., Ltd.	50,968,248	3,533,897	-	-	-	(764,524)	84,594	5,410	50,968,248	48.0	2,859,377	58.00	2,956,158
		15,655,644		-		(1,493,353)	735,931	281,472			15,179,694		
OTC company													
E Ink Holdings Inc. (Note 6)	133,472,904	4,123,242	-	-	-	(427,113)	1,160,071	264,190	133,472,904	11.7	5,120,390	161.00	18,269,138
Unlisted company													
YFY Packaging Inc.	410,150,000	6,661,743	-	-	-	(410,150)	344,182	181,085	410,150,000	100.0	6,776,860		-
YFY International B.V.	363,689,638	15,081,675	-	-	-	-	(1,130,825)	858,377	363,689,638	100.0	14,809,227		-
YFY Global Investment B.V.	79,000,000	6,128,215	-	-	-	-	498,634	449,670	79,000,000	100.0	7,076,519		-
China Color Printing Co., Ltd.	32,896,330	485,546	-	-	-	(3,619)	4,429	(21,454)	32,896,330	49.7	464,902		-
Effion Enertech Co., Ltd.	34,300,000	230,807	35,700,000	264,641	-	-	4,401	(961)	70,000,000	100.0	498,888		-
YFY Development Corp.	168,500,000	4,223,452	20,100,000	-	-	-	374,842	206,287	188,600,000	100.0	4,804,581		-
YFY Corporate Advisory & Services Co., Ltd.	3,000,000	35,360	-	-	-	(89)	16,119	(4,433)	3,000,000	100.0	46,957		-
Union Paper Corp.	19,584,000	238,494	-	-	-	-	1,405	986	19,584,000	18.9	240,885		-
YFY Paradigm Investment Co., Ltd.	155,550,000	3,119,423	10,131,400	-	-	-	193,995	193,600	165,681,400	100.0	3,507,018		-
San Ying Enterprise Co., Ltd.	2,500,000	102,606	-	-	-	(52,800)	(189)	76	2,500,000	100.0	49,693		-
YFY Japan Co., Ltd.	200	110,373	-	-	-	-	(4,072)	(38,273)	200	100.0	68,028		-
Yuen Yan Paper Container Co., Ltd.	6,178,500	72,861	-	-	-	(3,398)	3,272	-	6,178,500	50.9	72,735		-
Fidelis IT Solutions Co., Ltd.	2,857,000	73,499	-	-	-	-	12,349	-	2,857,000	100.0	85,848		-
Taiwan Genome Sciences, Inc.	561,291	9,633	-	-	-	(194)	(654)	65	561,291	19.4	8,850		-
Sustainable Carbohydrate Innovation Co., Ltd.	3,000,000	29,445	-	-	-	-	3,683	-	3,000,000	100.0	33,128		-
Ensilience Co., Ltd.	-	-	15,000,000	150,000	-	-	(7)	-	15,000,000	100.0	149,993		-
		36,603,132		414,641		(470,250)	321,564	1,825,025			38,694,112		
		\$ 56,382,018		\$ 414,641		\$ (2,390,716)	\$ 2,217,566	\$ 2,370,687			\$ 58,994,196		

Note 1: Except for YFY Japan Co., Ltd., the rest were calculated according to the audited annual financial statements.

Note 2: Except for Effion Enertech Co., Ltd., which was due to the Group's restructuring of the investment, the Company purchased all of shares from the subsidiaries in March 2022, Chung Hwa Pulp Corporation, YFY Development Corp. and Hwa Fong Investment Co., Ltd., and the rest are stock dividends, except for Ensilience Co., Ltd., which was newly established.

Note 3: The 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: Calculated based on the closing price at the end of 2022.

Note 6: The fair value of E Ink Holdings Inc. which is calculated without the unrestricted private shares, the rest are calculated on the number of shares.

**YFY INC.****STATEMENT OF CURRENT BORROWING****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Type of Loan and Creditor</b>	<b>Deadline of the Loan</b>	<b>Rate (%)</b>	<b>Balance, December 31, 2022</b>	<b>Amount of the Financing</b>
Credit loan of the bank				
Yuanta Bank	2022.10.24-2023.03.02	1.35-1.50	\$ 500,000	\$ 500,000
CTBC Bank	2022.11.24-2023.02.24	1.65	<u>340,000</u>	<u>1,000,000</u>
			<u>\$ 840,000</u>	<u>\$ 1,500,000</u>

**YFY INC.**

**STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE**

**DECEMBER 31, 2022**

**(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	
MEGA Bills	2022.12.26-2023.01.16	1.86	\$ 1,500,000	\$ 1,146	\$ 1,498,854	-
TFC	2022.12.19-2023.01.13	1.76	<u>25,000</u>	<u>14</u>	<u>24,986</u>	-
			<u>\$ 1,525,000</u>	<u>\$ 1,160</u>	<u>\$ 1,523,840</u>	

YFY INC.

STATEMENT OF NON-CURRENT BORROWING  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Bank of Loan	Period of the Contract	Repayment Method	Rate (%)	Balance, December 31, 2022			Guarantee and Guarantee Situation
				Due Within One Year	Expires After One Year	Total	
Syndicated loans							
Taiwan Bank	2020.02.10-2025.02.10	Due repayment, monthly interest payment	1.79	\$ -	\$ 2,100,000	\$ 2,100,000	-
Taiwan Bank	2020.12.30-2025.12.30	Due repayment, monthly interest payment	1.96	-	7,770,000	7,770,000	-
First Bank	2021.12.24-2026.12.24	Due repayment, monthly interest payment	1.79-1.94	-	5,600,000	5,600,000	-
Taiwan Bank	2022.12.23-2027.12.23	Due repayment, monthly interest payment	1.79	-	4,330,000	4,330,000	-
Less: Hosting fee of bank joint loan				-	(22,544)	(22,544)	
				-	19,777,456	19,777,456	
				\$ -	\$ 19,777,456	\$ 19,777,456	

**YFY INC.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Employee benefits expense	\$ 246,114
Professional service expenses	38,851
Tax expense	36,282
Agency fee expenses	28,023
Others (Note)	<u>59,627</u>
	<u>\$ 408,897</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expense	Total	Classified as Operating Costs	Classified as Operating Expense	Total
Employee benefits expense						
Salary	\$ -	\$ 208,146	\$ 208,146	\$ -	\$ 218,348	\$ 218,348
Labor and health insurance	-	11,765	11,765	-	10,929	10,929
Pension	-	1,813	1,813	-	3,566	3,566
Board compensation	-	22,000	22,000	-	22,000	22,000
Others	-	2,390	2,390	-	2,423	2,423
	<u>\$ -</u>	<u>\$ 246,114</u>	<u>\$ 246,114</u>	<u>\$ -</u>	<u>\$ 257,266</u>	<u>\$ 257,266</u>
Depreciation	<u>\$ -</u>	<u>\$ 4,625</u>	<u>\$ 4,625</u>	<u>\$ -</u>	<u>\$ 6,506</u>	<u>\$ 6,506</u>
Amortization	<u>\$ -</u>	<u>\$ 2,439</u>	<u>\$ 2,439</u>	<u>\$ -</u>	<u>\$ 4,874</u>	<u>\$ 4,874</u>

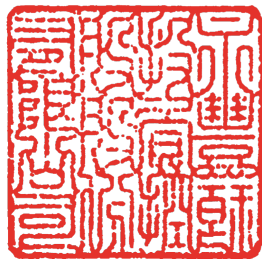
Note 1: For the years ended December 31, 2022 and 2021, the Company had average 92 employees in both years, which included 6 non-employee directors.

- Note 2:
- Average employee benefits expense for the years ended December 31, 2022 and 2021 were \$2,606 thousand and \$2,736 thousand, respectively.
  - Average salary for the years ended December 31, 2022 and 2021 were \$2,420 thousand and \$2,539 thousand, respectively.
  - The average salary changed by (4.7%) 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.**

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