

YFY Inc.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 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, 2023 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 14, 2024

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, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS (Note 4)				
Cash (Note 6)	\$ 6,050	-	\$ 9,703	-
Current financial assets at fair value through profit or loss (Note 7)	48,692	-	20,411	-
Accounts receivable due from related parties, net (Note 21)	-	-	130	-
Other receivables	8,666	-	7,035	-
Other current assets, others	<u>4,386</u>	<u>-</u>	<u>4,712</u>	<u>-</u>
Total current assets	<u>67,794</u>	<u>-</u>	<u>41,991</u>	<u>-</u>
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 21)	17,234,446	21	15,835,430	21
Investments accounted for using equity method (Notes 9 and 21)	62,910,839	75	58,994,196	76
Property, plant and equipment (Notes 10 and 21)	609,432	1	611,901	1
Right-of-use assets (Note 11)	2,918	-	3,190	-
Investment property, net (Notes 12 and 21)	2,064,986	2	1,862,758	2
Deferred tax assets (Note 17)	-	-	2,517	-
Net defined benefit asset, non-current (Note 14)	518,463	1	8,884	-
Other non-current assets, others	<u>26,004</u>	<u>-</u>	<u>13,655</u>	<u>-</u>
Total non-current assets	<u>83,367,088</u>	<u>100</u>	<u>77,332,531</u>	<u>100</u>
TOTAL ASSETS	<u>\$ 83,434,882</u>	<u>100</u>	<u>\$ 77,374,522</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Note 13)	\$ 2,990,000	4	\$ 840,000	1
Short-term notes and bills payable (Note 13)	6,819,499	8	1,523,840	2
Accounts payable to related parties (Note 21)	759	-	776	-
Other payables, others (Note 10)	87,170	-	94,477	-
Current tax liabilities	20,178	-	85,143	-
Current lease liabilities (Note 11)	1,266	-	1,137	-
Other current liabilities, others	<u>19,014</u>	<u>-</u>	<u>4,523</u>	<u>-</u>
Total current liabilities	<u>9,937,886</u>	<u>12</u>	<u>2,549,896</u>	<u>3</u>
NON-CURRENT LIABILITIES (Note 4)				
Non-current portion of non-current borrowings (Note 13)	14,527,474	17	19,777,456	26
Deferred tax liabilities (Note 17)	476,994	1	389,628	-
Non-current lease liabilities (Note 11)	1,688	-	2,043	-
Other non-current liabilities, others	<u>18,257</u>	<u>-</u>	<u>19,095</u>	<u>-</u>
Total non-current liabilities	<u>15,024,413</u>	<u>18</u>	<u>20,188,222</u>	<u>26</u>
Total liabilities	<u>24,962,299</u>	<u>30</u>	<u>22,738,118</u>	<u>29</u>
EQUITY (Notes 4 and 15)				
Share capital	16,603,715	20	16,603,715	21
Capital surplus	3,760,772	4	3,459,112	5
Retained earnings	23,192,955	28	22,536,470	29
Other equity interest	<u>14,915,141</u>	<u>18</u>	<u>12,037,107</u>	<u>16</u>
Total equity	<u>58,472,583</u>	<u>70</u>	<u>54,636,404</u>	<u>71</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 83,434,882</u>	<u>100</u>	<u>\$ 77,374,522</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Investment (Note 4)	\$ 2,120,880	100	\$ 2,217,566	100
OPERATING EXPENSES (Notes 14, 16 and 21)	<u>388,187</u>	<u>19</u>	<u>408,897</u>	<u>19</u>
NET OPERATING INCOME	<u>1,732,693</u>	<u>81</u>	<u>1,808,669</u>	<u>81</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	282	-	111	-
Finance costs (Notes 4 and 16)	(438,542)	(21)	(313,213)	(14)
Rent income (Notes 12 and 21)	38,167	2	39,103	2
Dividend income	450,260	21	568,484	26
Other income, others	13,748	1	42,920	2
Gains on disposal of investment property (Note 21)	58,344	3	119,418	5
Miscellaneous disbursements	<u>(200)</u>	<u>-</u>	<u>(259)</u>	<u>-</u>
Total non-operating income and expenses	<u>122,059</u>	<u>6</u>	<u>456,564</u>	<u>21</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	1,854,752	87	2,265,233	102
TAX EXPENSE (Notes 4 and 17)	<u>(28,059)</u>	<u>(1)</u>	<u>(95,723)</u>	<u>(4)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>1,826,693</u>	<u>86</u>	<u>2,169,510</u>	<u>98</u>
OTHER COMPREHENSIVE INCOME(Notes 4, 14, 15 and 17)				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	349,519	16	(308,555)	(14)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,109,016	52	1,693,949	76
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	<u>2,051,313</u>	<u>97</u>	<u>373,427</u>	<u>17</u>
	<u>3,509,848</u>	<u>165</u>	<u>1,758,821</u>	<u>79</u>

(Continued)

YFY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Components of other comprehensive income that will be reclassified to profit or loss:				
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	\$ (323,376)	(15)	\$ 1,797,707	81
Other comprehensive income, net	\$ 3,186,472	150	\$ 3,556,528	160
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 5,013,165	236	\$ 5,726,038	258
EARNINGS PER SHARE (Note 18)				
Basic earnings per share	\$ 1.10		\$ 1.31	
Diluted earnings per share	\$ 1.10		\$ 1.31	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Surplus							Other Equity								
	Share Capital		Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Changes in Ownership Interests in Subsidiaries	Consolidation Excess	Other	Total	Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income		Gains (Losses) on Hedging Instruments	Total Equity
								Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Total					
	Shares (In Thousands)	Amount														
BALANCE AT JANUARY 1, 2022	1,660,372	\$ 16,603,715	\$ 1,778,263	\$ 1,023,927	\$ 293,124	\$ 193,204	\$ 3,288,518	\$ 4,429,367	\$ 4,000,001	\$ 14,490,398	\$ 22,919,766	\$ (2,185,616)	\$ 10,575,017	\$ -	\$ 51,201,400	
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	-	-	-	-	-	-	-	-	-	(237,069)	(237,069)	1,797,707	1,995,890	-	-	3,556,528
Total comprehensive income	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	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	
Appropriation of the 2022 earnings																
Legal reserve appropriated	-	-	-	-	-	-	-	211,224	-	(211,224)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	(1,494,334)	(1,494,334)	-	-	-	-	(1,494,334)
Reversal of special reserve	-	-	-	-	-	-	-	-	(2,483)	2,483	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	-	21,532	21,532	-	-	(1,701)	(1,701)	-	-	-	-	19,831
Other changes in capital surplus	-	-	-	-	-	2,186	2,186	-	-	-	-	-	-	-	-	2,186
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	4,000	-	-	-	4,000	-	-	-	-	604	-	-	-	4,604
Changes in ownership interests in subsidiaries	-	-	-	273,942	-	-	273,942	-	-	-	-	16,785	-	-	-	290,727
Profit	-	-	-	-	-	-	-	-	-	1,826,693	1,826,693	-	-	-	-	1,826,693
Other comprehensive income	-	-	-	-	-	-	-	-	-	289,564	289,564	(319,841)	3,220,284	(3,535)	-	3,186,472
Total comprehensive income	-	-	-	-	-	-	-	-	-	2,116,257	2,116,257	(319,841)	3,220,284	(3,535)	-	5,013,165
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	36,263	36,263	-	(36,263)	-	-	-
BALANCE AT DECEMBER 31, 2023	1,660,372	\$ 16,603,715	\$ 1,871,508	\$ 1,326,607	\$ 293,124	\$ 269,533	\$ 3,760,772	\$ 5,106,196	\$ 3,992,537	\$ 14,094,222	\$ 23,192,955	\$ (659,626)	\$ 15,578,302	\$ (3,535)	\$ 58,472,583	

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

YFY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES, INDIRECT METHOD		
Profit before tax	\$ 1,854,752	\$ 2,265,233
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	4,745	7,064
Net gain on financial assets or liabilities at fair value through profit or loss	(281)	(109)
Finance costs	438,542	313,213
Interest income	(79)	(3,100)
Dividend income	(450,260)	(568,484)
Share of profit of subsidiaries and associates accounted for using equity method	(2,120,880)	(2,217,566)
Gain on disposal of property, plant and equipment	(9)	-
Gain on disposal of investment property	(58,344)	(119,418)
Loss on disposal of investments	10	-
Unrealized foreign exchange gain	-	(1)
Loss (gain) from lease modification	(46)	11
Changes in operating assets and liabilities		
Increase in current financial assets at fair value through profit or loss, mandatorily measured at fair value	(28,000)	(14,000)
Decrease in accounts receivable due from related parties, net	130	26,495
Decrease (increase) in other receivable	(1,631)	678
Increase in other current assets, others	(37)	(384)
Increase in net defined benefit asset, non-current	(72,680)	(62,714)
Decrease in accounts payable to related parties	(17)	(655)
Decrease in other payable, others	(8,402)	(12,596)
Increase in other current liabilities, others	14,491	838
Cash outflow used in operations	(427,996)	(385,495)
Interest received	79	3,100
Dividends received	1,711,144	2,959,200
Interest paid	(437,523)	(304,402)
Income taxes paid	(90,355)	(152,955)
Net cash flows generated from operating activities	<u>755,349</u>	<u>2,119,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(290,000)	-
Acquisition of investments accounted for using equity method	(1,022,396)	(414,641)
Proceeds from disposal of investments accounted for using equity method	8,838	-
Acquisition of property, plant and equipment	(194)	(697)
		(Continued)

YFY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 117	\$ -
Acquisition of investment properties	(221,336)	(311)
Proceeds from disposal of investment properties	61,384	126,231
Increase in other non-current assets, others	<u>(12,932)</u>	<u>(367)</u>
Net cash flows used in investing activities	<u>(1,476,519)</u>	<u>(289,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in current borrowings	2,150,000	(740,000)
Net increase in short-term notes and bills payable	5,300,000	1,042,000
Proceeds from (repayments of) long-term debt	(5,254,000)	360,000
Payments of lease liabilities	(1,522)	(1,308)
Increase (decrease) in other non-current liabilities, others	15,187	(3,254)
Cash dividends paid	(1,494,334)	(2,490,557)
Overdue dividends received (paid)	<u>2,186</u>	<u>(30)</u>
Net cash flows generated from (used in) financing activities	<u>717,517</u>	<u>(1,833,149)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	<u>-</u>	<u>1</u>
NET DECREASE IN CASH	(3,653)	(3,485)
CASH AT THE BEGINNING OF THE YEAR	<u>9,703</u>	<u>13,188</u>
CASH AT THE END OF THE YEAR	<u>\$ 6,050</u>	<u>\$ 9,703</u>

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

(Concluded)

YFY INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 14, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company's exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of convertibility”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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.

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 (including trade receivables) 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.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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.

When developing material accounting estimates, the Company considers the possible impact of the recent development of the COVID-19 and the economic environment implications on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH

	December 31	
	2023	2022
Cash on hand	\$ 77	\$ 136
Checking accounts and demand deposits	<u>5,973</u>	<u>9,567</u>
	<u>\$ 6,050</u>	<u>\$ 9,703</u>

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

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 48,692</u>	<u>\$ 20,411</u>

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

	December 31	
	2023	2022
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares	\$ 12,442,545	\$ 10,518,084
Unlisted shares	<u>4,791,901</u>	<u>5,317,346</u>
	<u>\$ 17,234,446</u>	<u>\$ 15,835,430</u>

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	
	2023	2022
Investments in subsidiaries	\$ 57,166,502	\$ 53,864,956
Investments in associates	<u>5,744,337</u>	<u>5,129,240</u>
	<u>\$ 62,910,839</u>	<u>\$ 58,994,196</u>

a. Investment in subsidiaries

	December 31	
	2023	2022
Listed company		
Chung Hwa Pulp Corporation	\$ 8,816,334	\$ 9,173,556
Yuen Foong Yu Consumer Products Co., Ltd.	3,331,343	3,146,761
Shin Foong Specialty and Applied Materials Co., Ltd.	2,812,951	2,859,377
Unlisted company		
YFY International B.V.	14,267,098	14,809,227
YFY Packaging Inc.	8,166,377	6,776,860
YFY Global Investment B.V.	7,810,942	7,076,519
YFY Development Corp.	6,039,451	4,804,581
YFY Paradigm Investment Co., Ltd.	4,260,190	3,507,018
Effion Enertech Co., Ltd.	470,929	498,888
China Color Printing Co., Ltd.	452,259	464,902
Union Paper Corp.	237,531	240,885
Ensilience Co., Ltd.	132,133	149,993
Fidelis IT Solutions Co., Ltd.	84,428	85,848
Yuen Yan Paper Container Co., Ltd.	73,559	72,735
YFY Japan Co., Ltd.	72,490	68,028
YFY Corporate Advisory & Service Co., Ltd.	53,182	46,957
San Ying Enterprise Co., Ltd.	49,794	49,693
Sustainable Carbohydrate Innovation Co., Ltd.	35,511	33,128
	<u>\$ 57,166,502</u>	<u>\$ 53,864,956</u>

The percentage of ownership and voting rights held by the Company were as follows:

	December 31	
Name of Corporation	2023	2022
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 Packaging Inc.	100.0%	100.0%
YFY Global Investment B.V.	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%	100.0%
China Color Printing Co., Ltd.	49.7%	49.7%
Union Paper Corp.	18.9%	18.9%
Ensilience Co., Ltd.	100.0%	100.0%
Fidelis IT Solutions Co., Ltd.	100.0%	100.0%
Yuen Yan Paper Container Co., Ltd.	50.9%	50.9%
YFY Japan Co., Ltd.	100.0%	100.0%
YFY Corporate Advisory & Service Co., Ltd.	100.0%	100.0%
San Ying Enterprise Co., Ltd.	100.0%	100.0%
Sustainable Carbohydrate Innovation Co., Ltd.	100.0%	100.0%

In 2023 and 2022, 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.

Except for YFY Japan Co., Ltd., investments accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on audited financial statements. Management believes there will not be a material differences even if the financial statements were audited.

b. Investments in associates

	December 31	
	2023	2022
Material associates		
E Ink Holdings Inc.	\$ 5,721,460	\$ 5,120,390
Associates that are not individually material	<u>22,877</u>	<u>8,850</u>
	<u>\$ 5,744,337</u>	<u>\$ 5,129,240</u>
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2023	2022
E Ink Holdings Inc.	11.7%	11.7%

1) Material associates

Refer to Table 4 “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 14, 2024, the report date. The other rights and obligations are the same as those of ordinary shares.

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

December 31	
2023	2022
<u>\$ 22,354,162</u>	<u>\$ 18,269,138</u>

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

	December 31	
	2023	2022
Current assets	\$ 26,515,690	\$ 25,164,715
Non-current assets	47,940,543	39,961,345
Current liabilities	(17,033,843)	(13,408,141)
Non-current liabilities	<u>(7,873,918)</u>	<u>(7,454,715)</u>
Equity	49,548,472	44,263,204
Non-controlling interests	<u>(640,651)</u>	<u>(576,216)</u>
	<u>\$ 48,907,821</u>	<u>\$ 43,686,988</u>
Proportion of the Company's ownership	11.7%	11.7%
Equity attributable to the Company	\$ 5,714,195	\$ 5,113,125
Goodwill	<u>7,265</u>	<u>7,265</u>
Carrying amount	<u>\$ 5,721,460</u>	<u>\$ 5,120,390</u>
	For the Year Ended December 31	
	2023	2022
Operating revenue	<u>\$ 27,119,755</u>	<u>\$ 30,060,509</u>
Profit for the year	\$ 7,866,226	\$ 9,939,345
Other comprehensive income	<u>2,326,203</u>	<u>1,933,092</u>
Total comprehensive income for the year	<u>\$ 10,192,429</u>	<u>\$ 11,872,437</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit (loss) for the year	\$ 492	\$ (654)
Other comprehensive income (loss)	<u>(1)</u>	<u>65</u>
Total comprehensive income (loss) for the year	<u>\$ 491</u>	<u>\$ (589)</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 Company sold all shares of Taiwan Genome Sciences, Inc., and the disposal was completed in February 2023.

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, 2023	\$ 593,549	\$ 138,759	\$ 15,261	\$ 42,922	\$ 790,491
Additions	-	-	-	144	144
Disposals	-	-	(3,846)	(4,371)	(8,217)
Reclassified as investment properties	<u>(927)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(927)</u>
Balance at December 31, 2023	<u>\$ 592,622</u>	<u>\$ 138,759</u>	<u>\$ 11,415</u>	<u>\$ 38,695</u>	<u>\$ 781,491</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 122,243	\$ 15,245	\$ 41,102	\$ 178,590
Depreciation expense	-	838	8	732	1,578
Disposals	<u>-</u>	<u>-</u>	<u>(3,846)</u>	<u>(4,263)</u>	<u>(8,109)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 123,081</u>	<u>\$ 11,407</u>	<u>\$ 37,571</u>	<u>\$ 172,059</u>
Carrying amounts at December 31, 2023	<u>\$ 592,622</u>	<u>\$ 15,678</u>	<u>\$ 8</u>	<u>\$ 1,124</u>	<u>\$ 609,432</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 593,549	\$ 157,380	\$ 15,261	\$ 57,313	\$ 823,503
Additions	-	-	-	594	594
Disposals	<u>-</u>	<u>(18,621)</u>	<u>-</u>	<u>(14,985)</u>	<u>(33,606)</u>
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	<u>-</u>	<u>(18,621)</u>	<u>-</u>	<u>(14,985)</u>	<u>(33,606)</u>
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>

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	3-30 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, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 144	\$ 594
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>50</u>	<u>103</u>
	<u>\$ 194</u>	<u>\$ 697</u>

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 360	\$ 509
Others	<u>2,558</u>	<u>2,681</u>
	<u>\$ 2,918</u>	<u>\$ 3,190</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,173</u>	<u>\$ 1,165</u>
Depreciation charge for right-of-use assets		
Land	\$ 96	\$ 102
Others	<u>1,518</u>	<u>1,179</u>
	<u>\$ 1,614</u>	<u>\$ 1,281</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 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 1,266</u>	<u>\$ 1,137</u>
Non-current	<u>\$ 1,688</u>	<u>\$ 2,043</u>

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

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 3,873</u>	<u>\$ 4,427</u>
Total cash outflow for leases	<u>\$ 5,469</u>	<u>\$ 5,783</u>

12. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,962,814
Additions	221,336
Disposals	(19,509)
Transfers from property, plant and equipment	<u>927</u>
Balance at December 31, 2023	<u>\$ 2,165,568</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 100,056
Depreciation expense	970
Disposals	<u>(444)</u>
Balance at December 31, 2023	<u>\$ 100,582</u>
Carrying amounts at December 31, 2023	<u>\$ 2,064,986</u>
<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>

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

	For the Year Ended December 31	
	2023	2022
Acquisitions of investment properties	\$ 221,336	\$ 53,343
Changes in prepayments for business facilities	<u>-</u>	<u>(53,032)</u>
	<u>\$ 221,336</u>	<u>\$ 311</u>

The fair values of the investment properties owned by the Company were \$7,616,579 thousand and \$7,456,925 thousand as of December 31, 2023 and 2022, 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 \$26,430 thousand and \$27,366 thousand for the years ended December 31, 2023 and 2022, 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. The Company disposed of an investment property in May 2023 and May 2022, respectively, and the disposal gain of \$58,344 thousand and \$119,418 thousand was recognized.

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

	December 31	
	2023	2022
Bank credit loans	<u>\$ 2,990,000</u>	<u>\$ 840,000</u>

As of December 31, 2023 and 2022, the interest rate intervals of bank credit loans were 1.68%-1.76% per annum and 1.35%-1.65% per annum, respectively.

b. Short-term notes and bills payable

	December 31	
	2023	2022
Commercial paper	\$ 6,825,000	\$ 1,525,000
Less: Discount on short-term notes and bills payable	<u>(5,501)</u>	<u>(1,160)</u>
	<u>\$ 6,819,499</u>	<u>\$ 1,523,840</u>

Short-term notes and bills payable are commercial paper due within one year. Interest rate intervals on these notes and bills payable were 1.79%-1.96% per annum and 1.76%-1.86% per annum as of December 31, 2023 and 2022, respectively.

c. Non-current borrowings

	December 31	
	2023	2022
Syndicated loans	\$ 12,927,474	\$ 19,777,456
Long-term bank credit loans	<u>1,600,000</u>	<u>-</u>
	<u>\$ 14,527,474</u>	<u>\$ 19,777,456</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 1.88%-2.10% and 1.79%-1.96% per annum as of December 31, 2023 and 2022; credit loans expire in April 2025 and have interest rate intervals of 1.75% per annum as of December 31, 2023.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,315,972	\$ 1,423,876
Fair value of plan assets	<u>(1,834,435)</u>	<u>(1,432,760)</u>
Net defined benefit assets	<u>\$ (518,463)</u>	<u>\$ (8,884)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	<u>\$ 1,423,876</u>	<u>\$ (1,432,760)</u>	<u>\$ (8,884)</u>
Service cost			
Net interest expense (income)	<u>23,390</u>	<u>(24,070)</u>	<u>(680)</u>
Recognized in profit or loss	<u>23,390</u>	<u>(24,070)</u>	<u>(680)</u>
Remeasurement			
Return on plan assets	-	(414,447)	(414,447)
Actuarial loss (gain)			
Changes in financial assumptions	15,209	-	15,209
Experience adjustments	<u>(37,661)</u>	<u>-</u>	<u>(37,661)</u>
Recognized in other comprehensive loss (income)	<u>(22,452)</u>	<u>(414,447)</u>	<u>(436,899)</u>
Contributions from the employer	-	(72,000)	(72,000)
Benefits paid	<u>(108,842)</u>	<u>108,842</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 1,315,972</u>	<u>\$ (1,834,435)</u>	<u>\$ (518,463)</u>
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	(73,080)	-	(73,080)
Experience adjustments	<u>17,981</u>	<u>-</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>

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

	For the Year Ended December 31	
	2023	2022
Operating costs	<u>\$ (680)</u>	<u>\$ (2,714)</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

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

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

	December 31	
	2023	2022
Discount rates	1.50%	1.75%
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:

	December 31	
	2023	2022
Discount rates		
0.125% increase	<u>\$ (7,647)</u>	<u>\$ (8,667)</u>
0.125% decrease	<u>\$ 7,732</u>	<u>\$ 8,767</u>
Expected rates of salary increase		
0.125% increase	<u>\$ 7,763</u>	<u>\$ 8,825</u>
0.125% decrease	<u>\$ (7,696)</u>	<u>\$ (8,744)</u>

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the changes in assumptions had occurred in isolation of one another, i.e., some of the assumptions might have been correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 80,400</u>	<u>\$ 60,000</u>
The average duration of the defined benefit obligation	4.7 years	5 years

15. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
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 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 211,224	\$ 465,605
Cash dividends	\$ 1,494,334	\$ 2,490,557
Cash dividends per share (NT\$)	\$ 0.9	\$ 1.5

The aforementioned appropriation for cash dividends had been resolved by the board of directors on March 15, 2023 and March 15, 2022, respectively. The other proposed appropriations of earnings for 2022 and 2021 were resolved by the shareholders' meetings on June 20, 2023 and June 23, 2022, respectively.

The appropriations of earnings for 2023 had been proposed by the Company's board of directors on March 14, 2024. The appropriations and dividends per share were as follows:

	2023
Legal reserve	\$ 215,331
Cash dividends	\$ 1,494,334
Cash dividends per share (NT\$)	\$ 0.9

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, 2024.

d. Special reserves

	For the Year Ended December 31	
	2023	2022
Beginning at January 1	\$ 3,995,020	\$ 4,000,001
Reversal:		
Disposal of investment properties	(2,483)	(4,981)
Balance at December 31	\$ 3,992,537	\$ 3,995,020

e. Other equity items

	Exchange of Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Total
<u>For the year ended December 31, 2023</u>				
Balance at January 1	\$ (357,174)	\$ 12,394,281	\$ -	\$ 12,037,107
Unrealized gains on financial assets measured at FVTOCI	-	1,109,016	-	1,109,016
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(319,841)	2,111,268	(3,535)	1,787,892
Disposal of partial interests in subsidiaries	604	-	-	604
Changes in ownership interest in subsidiaries	16,785	-	-	16,785
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(36,263)</u>	<u>-</u>	<u>(36,263)</u>
Balance at December 31	<u>\$ (659,626)</u>	<u>\$ 15,578,302</u>	<u>\$ (3,535)</u>	<u>\$ 14,915,141</u>
<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>

16. NET PROFIT

a. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 438,468	\$ 313,165
Interest on lease liabilities	<u>74</u>	<u>48</u>
	<u>\$ 438,542</u>	<u>\$ 313,213</u>

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 1,578	\$ 1,989
Right-of-use assets	1,614	1,281
Investment properties	970	1,355
Other non-current assets	<u>583</u>	<u>2,439</u>
	<u>\$ 4,745</u>	<u>\$ 7,064</u>
An analysis of deprecation by function		
Operating expenses	<u>\$ 4,162</u>	<u>\$ 4,625</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 583</u>	<u>\$ 2,439</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 4,246	\$ 4,527
Defined benefit plans	<u>(680)</u>	<u>(2,714)</u>
	3,566	1,813
Other employee benefits	<u>218,118</u>	<u>244,301</u>
Total employee benefits expense	<u>\$ 221,684</u>	<u>\$ 246,114</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 221,684</u>	<u>\$ 246,114</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, 2023 and 2022 which have been approved by the Company's board of directors on March 14, 2024 and March 15, 2023, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	0.11%	0.10%
Remuneration of directors	1.17%	0.96%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 1,981	\$ 2,403
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 approved by the Company's board of directors on March 15, 2023 and March 15, 2022 paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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

17. INCOME TAXES

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

	For the Year Ended December 31	
	2023	2022
Current tax		
Income tax on unappropriated earnings	\$ 22,568	\$ 84,904
Land value increment tax	2,895	5,569
House and land transactions income tax	<u>93</u>	<u>239</u>
	25,556	90,712
Deferred tax		
In respect of the current year	<u>2,503</u>	<u>5,011</u>
Income tax expense recognized in profit or loss	<u>\$ 28,059</u>	<u>\$ 95,723</u>

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

	For the Year Ended December 31	
	2023	2022
Income before tax	<u>\$ 1,854,752</u>	<u>\$ 2,265,233</u>
Income tax expense calculated at the statutory rate (20%)	\$ 370,950	\$ 453,046
Nondeductible expenses in determining taxable income	1,135	1,174
Tax-exempt income	(516,989)	(575,633)
Income tax on unappropriated earnings	22,568	84,904
Land value increment tax	2,895	5,569
Unrecognized deductible temporary differences	147,407	126,424
House and land transactions income tax	<u>93</u>	<u>239</u>
Income tax expense recognized in profit or loss	<u>\$ 28,059</u>	<u>\$ 95,723</u>

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

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ 87,380	\$ (77,139)
Share of the other comprehensive loss of subsidiaries and associates	<u>14,989</u>	<u>17,872</u>
	<u>\$ 102,369</u>	<u>\$ (59,267)</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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary difference				
Others	<u>\$ 2,517</u>	<u>\$ (2,517)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Reserve for land revaluation increment tax	\$ 350,116	\$ -	\$ -	\$ 350,116
Defined benefit plan	39,015	-	87,380	126,395
Others	<u>497</u>	<u>(14)</u>	<u>-</u>	<u>483</u>
	<u>\$ 389,628</u>	<u>\$ (14)</u>	<u>\$ 87,380</u>	<u>\$ 476,994</u>

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	<u>\$ 7,555</u>	<u>\$ (5,038)</u>	<u>\$ -</u>	<u>\$ 2,517</u>
<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	<u>524</u>	<u>(27)</u>	<u>-</u>	<u>497</u>
	<u>\$ 466,794</u>	<u>\$ (27)</u>	<u>\$ (77,139)</u>	<u>\$ 389,628</u>

d. Income tax approved situation

The application case for the year end of 2019 has been approved by taxing authority.

18. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share (NT\$)	<u>\$ 1.10</u>	<u>\$ 1.31</u>
Diluted earnings per share (NT\$)	<u>\$ 1.10</u>	<u>\$ 1.31</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

	For the Year Ended December 31	
	2023	2022
Profit for the year	<u>\$ 1,826,693</u>	<u>\$ 2,169,510</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,826,693</u>	<u>\$ 2,169,510</u>

Number of Share (In Thousands)

	For the Year Ended December 31	
	2023	2022
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>79</u>	<u>131</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,451</u>	<u>1,660,503</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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>48,692</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>48,692</u>
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 12,442,545	\$ -	\$ -	\$ 12,442,545
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>4,791,901</u>	<u>4,791,901</u>
	<u>\$ 12,442,545</u>	<u>\$ -</u>	<u>\$ 4,791,901</u>	<u>\$ 17,234,446</u>

December 31, 2022

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

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 5,317,346
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	<u>(525,445)</u>
Balance at December 31, 2023	<u>\$ 4,791,901</u>

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)	<u>1,266,596</u>
Balance at December 31, 2022	<u>\$ 5,317,346</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

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 48,692	\$ 20,411
FVTOCI		
Equity instruments	17,234,446	15,835,430
Amortized cost (1)	14,716	16,868
<u>Financial liabilities</u>		
Amortized cost (2)	24,424,902	22,236,549

- 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:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	\$ 6,819,499	\$ 1,523,840
Lease liabilities	2,954	3,180
Cash flow interest rate risk		
Financial assets	5,973	9,567
Financial liabilities	17,517,474	20,617,456

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, 2023 and 2022 would have decreased/increased by \$35,023 thousand and \$41,216 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, 2023 and 2022 would have increased/decreased by \$2,435 thousand and \$1,021 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, 2023 and 2022 would have increased/decreased by \$861,722 thousand and \$791,772 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, 2023 and 2022, the amount of unused financing facilities was \$16,121,040 thousand and \$17,117,480 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, 2023

	Less than 1 Year	1 - 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Floating interest rate liabilities	\$ 3,281,147	\$ 15,052,692	\$ -
Fixed interest rate liabilities	6,825,000	-	-
Lease liabilities	<u>1,309</u>	<u>1,722</u>	<u>-</u>
	<u>\$ 10,107,456</u>	<u>\$ 15,054,414</u>	<u>\$ -</u>

December 31, 2022

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

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

Related Party	Relationship with the Company
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
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 Biotech Co., Ltd.	Associate
Sinopac Holdings	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party
Hsin-Yi Foundation	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

b. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Receivables from related parties	Associate YFY Biotech Co., Ltd.	\$ <u> -</u>	\$ <u> 130</u>

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

c. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Payables to related parties	Entities with key management personnel		
	Hsin-Yi Enterprise Co., Ltd.	\$ 409	\$ 431
	Others	<u>-</u>	<u>5</u>
		<u>409</u>	<u>436</u>
	Substantive related party		
	SinoPac Securities Corporation	321	332
	Others	<u>10</u>	<u>-</u>
		<u>331</u>	<u>332</u>
	Subsidiaries	<u>19</u>	<u>8</u>
		<u>\$ 759</u>	<u>\$ 776</u>

The outstanding accounts payable to related parties were unsecured.

d. Acquisitions of investment properties

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Substantive related party		
Ho Tien Co., Ltd.	<u>\$ -</u>	<u>\$ 53,032</u>

e. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Associate	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>

f. Acquisitions of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Note
Substantive related party	Non-current financial assets at fair value through other comprehensive income (loss)	19,333,333	Ordinary shares	\$ 290,000	-
Subsidiaries	Investments accounted for using the equity method	57,110,000	Ordinary shares	<u>999,996</u>	-
				<u>\$ 1,289,996</u>	

g. Others

Rental income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
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>153</u>	<u>154</u>
	<u>8,038</u>	<u>8,039</u>
Substantive related party		
Hsin-Yi Foundation	3,949	3,959
Others	<u>1,835</u>	<u>2,007</u>
	<u>5,784</u>	<u>5,966</u>
Associate	<u>422</u>	<u>1,649</u>
	<u>\$ 25,981</u>	<u>\$ 27,391</u>

Rental expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Entities with key management personnel	\$ 3,672	\$ 4,285
Subsidiaries	114	114
Substantive related party	<u>6</u>	<u>-</u>
	<u>\$ 3,792</u>	<u>\$ 4,399</u>

Service fee expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 42,160	\$ 33,543
Substantive related party	<u>4,365</u>	<u>4,493</u>
	<u>\$ 46,525</u>	<u>\$ 38,036</u>

Other expenses (accounted for as operating expenses)

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Associate	<u>\$ 1,582</u>	<u>\$ 1,068</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.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 91,146	\$ 93,308
Post-employment benefits	<u>432</u>	<u>976</u>
	<u>\$ 91,578</u>	<u>\$ 94,284</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. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Investments in subsidiaries			
USD	\$ 719,037	30.705 (USD:NTD)	\$ 22,078,040
December 31, 2022			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Investments in subsidiaries			
USD	\$ 712,659	30.71 (USD:NTD)	\$ 21,885,746

23. 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. (Table 3)

- 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 4)
- 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 5)
 - 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 6)

24. 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, 2023
(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	\$ 84,393,318	\$ 2,367,846	\$ 2,266,190	\$ 245,989	\$ -	4.03	\$ 112,524,424	Yes	No	Yes
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3	84,393,318	1,084,161	1,040,451	-	-	1.85	112,524,424	Yes	No	Yes
1	<u>Credit line (Note 4)</u> YFY Inc.	YFY Development Corp.	Note 3	84,393,318	3,450,000	3,450,000	1,320,000	-	6.13	112,524,424	No	No	No
		YFY Paradigm Investment Co., Ltd.	Note 3	84,393,318	2,370,000	2,370,000	725,000	-	4.21	112,524,424	No	No	No
		Fun Spring Circuteck Co., Ltd.	Note 3	84,393,318	225,000	225,000	12,000	-	0.40	112,524,424	No	No	No
		Ensilience Co., Ltd.	Note 3	84,393,318	575,000	575,000	-	-	1.02	112,524,424	No	No	No
		YFY International B.V.	Note 3	84,393,318	3,734,973	3,669,247	51,834	-	6.52	112,524,424	No	No	No
		YFY Global Investment B.V.	Note 3	84,393,318	1,750,280	1,719,480	35,066	-	3.06	112,524,424	No	No	No
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3	84,393,318	271,040	260,113	-	-	0.46	112,524,424	No	No	No
		YFY Jupiter Limited	Note 3	84,393,318	480,785	476,935	104,513	-	0.85	112,524,424	No	No	No
		YFY Jupiter (Cayman Islands) Co., Ltd. (originally named YFY Jupiter (BVI) Inc.)	Note 3	84,393,318	486,375	460,575	-	-	0.82	112,524,424	No	No	No
		Mobius105 Ltd.	Note 3	84,393,318	129,700	122,820	6,720	-	0.22	112,524,424	No	No	No

Note 1: Limits on endorsement guarantee given on behalf of each party represents 150% of the net equity on the most current financial statements.

Note 2: Aggregate endorsement guarantee limit 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, 2023

(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, 2023				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	3,404,802	\$ 48,692	-	\$ 48,692	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	510,033,992	10,047,670	4.1	10,047,670	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	97,502,590	1,482,039	13.6	1,482,039	
	Zhen Ding Technology Holding Limited	-	Non-current financial assets at fair value through other comprehensive income	7,464,617	813,643	0.8	813,643	
	Medeon Biodesign, Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,126,317	99,193	2.3	99,193	
	Taiwan Stock Exchange Corporation	Note 1	Non-current financial assets at fair value through other comprehensive income	34,761,734	4,122,623	3.0	4,122,623	
	Canada Investment and Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	20,826,000	230,155	12.9	230,155	
	KHL IB Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	16,415,242	161,004	14.9	161,004	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	4,200,000	73,292	14.0	73,292	
	Synmax Biochemical Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,999,371	92,778	13.9	92,778	
	Shin Taiwan Kubota Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,612	30,944	5.5	30,944	
	Universal Investment Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	5,221,228	40,250	3.0	40,250	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Non-current financial assets at fair value through other comprehensive income	1,600,000	19,591	8.0	19,591	
	Yuen Foong Paper Co., Ltd.	Note 2	Non-current financial assets at fair value through other comprehensive income	544,067	13,659	0.7	13,659	
	Supercell Biotechnology Corporation	-	Non-current financial assets at fair value through other comprehensive income	696,564	4,738	3.0	4,738	
	China Trade and Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	377,634	2,867	0.6	2,867	

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.

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, 2023
(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 on Disposal		Number of Shares	Amount	
YFY Inc.	Ordinary shares YFY Packaging Inc.	Note 1	YFY Packaging Inc.	Subsidiary	410,150,000	\$ 6,776,860	57,110,000	\$ 999,996	-	\$ -	\$ -	\$ -	\$ 389,521 (Note 2)	467,260,000	\$ 8,166,377	-

Note 1: Accounted for as investments accounted for using the equity method.

Note 2: Including remeasurement of defined benefit plans, exchange differences on translation of the financial statements of foreign operations and share of profit or loss of associates.

TABLE 4

YFY INC.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
YFY Inc.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	\$ 5,715,988	\$ 5,715,988	627,827,088	57.8	\$ 8,816,334	\$ (573,395)	\$ (334,255)	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	3,331,343	965,992	571,376	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	2,812,951	(107,862)	(51,182)	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	5,721,460	7,814,326	914,500	Notes 2 and 3
	YFY International B.V.	Netherlands	Investment and holding	11,956,125	11,956,125	363,689,638	100.0	14,267,098	(424,953)	(424,953)	Notes 1 and 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	7,451,802	6,451,806	467,260,000	100.0	8,166,377	498,033	499,334	Notes 1 and 3
	YFY Global Investment B.V.	Netherlands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	7,810,942	404,519	404,519	Notes 1 and 3
	YFY Development Corp.	Taipei, Taiwan	Real estate investment and development	2,311,115	2,311,115	223,300,000	100.0	6,039,451	379,969	379,969	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	619,177	619,177	192,358,000	100.0	4,260,190	174,630	174,630	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	607,641	607,641	70,000,000	100.0	470,929	(27,902)	(25,890)	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	452,259	(9,913)	(4,922)	Notes 1 and 3
	Union Paper Corp.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	237,531	(8,220)	(1,553)	Notes 1 and 3
	Ensilience Co., Ltd.	Taipei, Taiwan	Renewable energy self-use power generation equipment industry, energy technology service industry	150,000	150,000	15,000,000	100.0	132,133	(17,860)	(17,860)	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	84,428	9,780	9,780	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	73,559	7,681	3,913	Notes 1 and 3
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	72,490	550	550	Note 1
	YFY Corporate Advisory & Services Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	53,182	19,936	19,936	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	49,794	113	113	Notes 1 and 3
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	30,000	3,000,000	100.0	35,511	2,383	2,383	Notes 1 and 3
	Fs-Tech Company Ltd.	Tainan, Taiwan	1. Provides services in information software and information processing. 2. Wholesale of information software and electric appliances.	22,400	-	1,153,940	34.6	22,877	(1,424)	477	Notes 2 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	-	-	-	77	15	Notes 2 and 4

Note 1: Subsidiary.

Note 2: Associate.

Note 3: Recognized from financial statements audited by the auditors for the same periods.

Note 4: The disposal of the entire equity interest of Taiwan Genome Sciences, Inc. was completed in February 2023.

TABLE 5

YFY INC.

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (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, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,525 (US\$ 5,000 thousand)	a(a)	\$ 46,058 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 46,058 (US\$ 1,500 thousand)	\$ (55,761)	100.0	\$ (55,761) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	337,755 (US\$ 11,000 thousand)	a(b)	214,935 (US\$ 7,000 thousand)	-	-	214,935 (US\$ 7,000 thousand)	(184)	100.0	(184) (Note 2)	403,549	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	214,935 (US\$ 7,000 thousand)	a(b)	214,935 (US\$ 7,000 thousand)	-	-	214,935 (US\$ 7,000 thousand)	(20,570)	100.0	(20,570) (Note 2)	220,230	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	245,640 (US\$ 8,000 thousand)	a(b)	245,640 (US\$ 8,000 thousand)	-	-	245,640 (US\$ 8,000 thousand)	71,582	100.0	71,582 (Note 2)	420,101	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,230 (US\$ 6,000 thousand)	a(b)	61,410 (US\$ 2,000 thousand)	-	-	61,410 (US\$ 2,000 thousand)	(8,804)	100.0	(8,804) (Note 2)	239,536	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	245,640 (US\$ 8,000 thousand)	a(b)	249,110 (US\$ 8,113 thousand)	-	-	249,110 (US\$ 8,113 thousand)	45,442	100.0	45,442 (Note 2)	349,621	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	245,640 (US\$ 8,000 thousand)	a(b)	245,640 (US\$ 8,000 thousand)	-	-	245,640 (US\$ 8,000 thousand)	53,136	100.0	53,136 (Note 2)	416,879	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	305,791 (US\$ 9,959 thousand)	a(n)	276,345 (US\$ 9,000 thousand)	-	-	276,345 (US\$ 9,000 thousand)	92,786	100.0	92,786 (Note 2)	488,616	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	291,698 (US\$ 9,500 thousand)	a(b)	230,288 (US\$ 7,500 thousand)	-	-	230,288 (US\$ 7,500 thousand)	22,680	93.8	21,263 (Note 2)	343,684	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	199,583 (US\$ 6,500 thousand)	a(b)	199,583 (US\$ 6,500 thousand)	-	-	199,583 (US\$ 6,500 thousand)	(10,745)	100.0	(10,745) (Note 2)	229,490	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	184,230 (US\$ 6,000 thousand)	a(b)	147,384 (US\$ 4,800 thousand)	-	-	147,384 (US\$ 4,800 thousand)	62,230	100.0	62,230 (Note 2)	377,398	-

(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, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (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, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 153,525 (US\$ 5,000 thousand)	a(a)	\$ 153,525 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 153,525 (US\$ 5,000 thousand)	\$ (32,374)	100.0	\$ (32,374) (Note 2)	\$ 51,658	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	9,919,926 (US\$ 323,072 thousand)	a(a)	2,671,335 (US\$ 87,000 thousand)	-	-	2,671,335 (US\$ 87,000 thousand)	(653,417)	100.0	(653,417) (Note 2)	4,213,685	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	10,645,270 (US\$ 346,695 thousand)	a(b)	7,522,725 (US\$ 245,000 thousand)	-	-	7,522,725 (US\$ 245,000 thousand)	(965,796)	100.0	(969,653) (Note 2)	943,532	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	457,505 (US\$ 14,900 thousand)	a(c)	430,054 (US\$ 14,006 thousand)	-	-	430,054 (US\$ 14,006 thousand)	5,147	94.0	4,838 (Note 2)	341,194	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	245,640 (US\$ 8,000 thousand)	a(c)	245,640 (US\$ 8,000 thousand)	-	-	245,640 (US\$ 8,000 thousand)	2,244	100.0	2,244 (Note 2)	105,719	-
Arizon RFID Technology Co., Ltd.	Sale and design of RFID (radio frequency identification) products	842,288 (RMB 194,290 thousand)	a(e)	779,661 (US\$ 25,392 thousand)	-	-	779,661 (US\$ 25,392 thousand)	433,436	61.7	274,664 (Note 2)	2,672,478	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	34,682 (RMB 8,000 thousand)	a(f)	-	-	-	-	(208)	61.7	(134) (Note 2)	37,795	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	10,747 (US\$ 350 thousand)	a(g)	-	-	-	-	98,223	78.4	78,200 (Note 2)	113,061	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,670 (RMB 2,000 thousand)	a(h)	-	-	-	-	28,537	78.4	22,525 (Note 2)	52,132	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	21,676 (RMB 5,000 thousand)	a(h)	-	-	-	-	10,541	78.4	8,481 (Note 2)	33,680	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,503 (RMB 1,500 thousand)	a(h)	-	-	-	-	(246)	27.5	(64) (Note 6)	2,998	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a(h)	-	-	-	-	(296)	27.5	(78) (Note 6)	110	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	8,670 (RMB 2,000 thousand)	a(h)	-	-	-	-	(6,852)	27.5	(1,833) (Note 6)	3,527	-

(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, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (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, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,531,075 (US\$ 115,000 thousand)	a(i)	\$ 3,531,075 (US\$ 115,000 thousand)	\$ -	\$ -	\$ 3,531,075 (US\$ 115,000 thousand)	\$ (21,478)	67.6	\$ (14,515) (Note 2)	\$ 1,409,968	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,150 (US\$ 30,000 thousand)	a(j)	921,150 (US\$ 30,000 thousand)	-	-	921,150 (US\$ 30,000 thousand)	14,718	67.6	9,946 (Note 2)	204,407	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	921,150 (US\$ 30,000 thousand)	a(j)	921,150 (US\$ 30,000 thousand)	-	-	921,150 (US\$ 30,000 thousand)	70,743	67.6	47,808 (Note 2)	874,725	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,629,269 (US\$ 85,630 thousand)	a(k)	675,510 (US\$ 22,000 thousand)	-	-	675,510 (US\$ 22,000 thousand)	29,470	75.2	22,147 (Note 2)	3,501,198	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	671,825 (US\$ 21,880 thousand)	a(l)	226,603 (US\$ 7,380 thousand)	-	-	226,603 (US\$ 7,380 thousand)	52,700	75.2	39,605 (Note 2)	2,270,701	-
Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	143,062 (RMB 33,000 thousand)	a(o)	-	-	-	-	-	50.4	- (Note 2)	72,034	-
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	8,670 (RMB 2,000 thousand)	a(d)	-	-	-	-	4,343	75.2	3,264 (Note 2)	15,046	-
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	13,873 (RMB 3,200 thousand)	a(d)	-	-	-	-	(31,639)	75.2	(23,777) (Note 2)	78,388	-
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	216,761 (RMB 50,000 thousand)	a(m)	216,761 (RMB 50,000 thousand)	-	-	216,761 (RMB 50,000 thousand)	1,340	-	1,340 (Note 8)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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
\$16,808,455	\$22,094,235	\$47,846,974

(Continued)

- Note 1: Except for investment gain or loss which were translated at exchange rates of US\$1=NT\$31.154833 or RMB1=NT\$4.423988, the rest were translated at exchange rates of US\$1=NT\$30.705 or RMB1=NT\$4.335211 as of December 31, 2023.
- 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 (Cayman Islands) Co., Ltd. (originally named YFY Jupiter (BVI) Inc.)
- Note 4: Methods of investment and the related investors are as follow:
- a. Investment in mainland China through companies set up in another company. The related investors are as follow:
- (a) YFY Mauritius Corp. (b) YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY International B.V. (d) Guangdong Dingfung Pulp & Paper Co., Ltd. (e) YFY RFID Co. Limited (f) Arizon RFID Technology Co., Ltd. (g) Mobius 105 Ltd. (h) YFY Jupiter (Shenzhen) Ltd. (i) Yuen Foong Yu Consumer Products Co., Ltd (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) YFY Capital Holdings Corp. (n) YFY Packaging (Yangzhou) Investment Co., Ltd. and YFY Paper Enterprise (Kunshan) Co., Ltd. (o) Zhaoqing Dingfung Forestry Co., Ltd.
- Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,618,062 thousand made by investor of mainland China has been deducted.
- Note 6: Recognized from financial statements in the same period that have not been audited.
- Note 7: Except Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd., and Chengdu JingShiTong Packing Co., Ltd. are associates accounted for using the equity method, other investments have been eliminated in preparing the consolidated financial statements.
- Note 8: YFY (Shanghai) Supply Chain Management Co., Ltd. (originally named as YFY (Shanghai) Financial Services Co., Ltd.) entered the liquidation in July 2023. Due to the Group’s loss of control, it has not been included in the consolidated financial statements since August 2023.
2. Investment in mainland China’s significant transaction events that occur directly or indirectly through companies set up in another country are referred to in Table 1.

(Concluded)

TABLE 6**YFY INC.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shou-Chung Ho	131,002,028	7.88
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.

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YFY INC.

**STATEMENT OF FINANCIAL ASSETS AT FVTOCI
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Securities Name	Balance, January 1, 2023		Increase in 2023		The Amount of This Year's Evaluation (Note 2)	Fair Value at the End of the Year			
						Percentage of Ownership		Amount	Note
	Shares	Amount	Shares (Note 1)	Amount		Shares	(%)		
Ordinary shares - listed company									
SinoPac Financial Holdings Co., Ltd.	480,699,993	\$ 8,051,725	29,333,999	\$ 290,000	\$ 1,705,945	510,033,992	4.1	\$ 10,047,670	Note 3
TaiGen Biopharmaceuticals Holdings Ltd.	97,502,590	1,564,917	-	-	(82,878)	97,502,590	13.6	1,482,039	Note 3
Zhen Ding Technology Holding Limited	7,464,617	783,785	-	-	29,858	7,464,617	0.8	813,643	Note 3
Medeon Biodesign, Inc.	2,025,078	<u>117,657</u>	101,239	<u>-</u>	<u>(18,464)</u>	2,126,317	2.3	<u>99,193</u>	Note 3
		<u>10,518,084</u>		<u>290,000</u>	<u>1,634,461</u>			<u>12,442,545</u>	
Ordinary shares - unlisted company									
Taiwan Stock Exchange Corporation	30,762,597	4,621,711	3,999,137	-	(499,088)	34,761,734	3.0	4,122,623	
Canada Investment and Development Co., Ltd.	20,826,000	218,953	-	-	11,202	20,826,000	12.9	230,155	
KHL IB Venture Capital Co., Ltd.	12,443,688	184,004	3,971,554	-	(23,000)	16,415,242	14.9	161,004	
Synmax Biochemical Co., Ltd.	5,999,371	73,962	-	-	18,816	5,999,371	13.9	92,778	
Fu Hwa Development Enterprise Co., Ltd.	4,200,000	82,171	-	-	(8,879)	4,200,000	14.0	73,292	
Shin Taiwan Kubota Co., Ltd.	5,612	58,425	-	-	(27,481)	5,612	5.5	30,944	
Universal Investment Co., Ltd.	5,221,228	38,022	-	-	2,228	5,221,228	3.0	40,250	
Taiwan Creative Industry Development Co., Ltd.	1,600,000	18,971	-	-	620	1,600,000	8.0	19,591	
Yuen Foong Paper Co., Ltd.	544,067	11,395	-	-	2,264	544,067	0.7	13,659	
Supercell Biotechnology Corporation (originally named as Sino Cell Technologies Ltd.)	696,564	6,351	-	-	(1,613)	696,564	3.0	4,738	
China Trade and Development Corp.	377,634	<u>3,381</u>	-	<u>-</u>	<u>(514)</u>	377,634	0.6	<u>2,867</u>	
		<u>5,317,346</u>		<u>-</u>	<u>(525,445)</u>			<u>4,791,901</u>	
		<u>\$ 15,835,430</u>		<u>\$ 290,000</u>	<u>\$ 1,109,016</u>			<u>\$ 17,234,446</u>	

Note 1 In addition to the 19,333,333 shares of Yongfeng Financial Holdings Co., Ltd. in cash with amount of \$290,000 thousand, the remaining 10,000,666 shares were distributed as share dividends.

Note 2: Accounted for unrealized gain (loss) on financial assets at FVTOCI.

Note 3: Calculated based on the closing price at the end of 2023.

YFY INC.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investee Company (Note 1)	Balance, January 1, 2023		Increase in 2023 (Note 2)		Decrease in 2023 (Note 3)		Share of Profit or Loss of Subsidiaries and Associates	Equity Adjustments (Note 4)	Balance, December 31, 2023			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	\$ 9,173,556	-	\$ -	-	\$ (188,348)	\$ (334,255)	\$ 165,381	627,827,088	57.8	\$ 8,816,334	\$ 23.55	\$ 14,785,328
Yuen Foong Yu Consumer Products Co., Ltd.	158,004,565	3,146,761	-	-	-	(363,411)	571,376	(23,383)	158,004,565	59.1	3,331,343	42.40	6,699,394
Shin Foong Specialty and Applied Materials Co., Ltd.	50,968,248	<u>2,859,377</u>	-	<u>-</u>	-	<u>(76,452)</u>	<u>(51,182)</u>	<u>81,208</u>	50,968,248	48.0	<u>2,812,951</u>	55.80	2,844,028
		<u>15,179,694</u>		<u>-</u>		<u>(628,211)</u>	<u>185,939</u>	<u>223,206</u>			<u>14,960,628</u>		
OTC company													
E Ink Holdings Inc. (Note 6)	133,472,904	<u>5,120,390</u>	-	<u>-</u>	-	<u>(600,628)</u>	<u>914,500</u>	<u>287,198</u>	133,472,904	11.7	<u>5,721,460</u>	197.00	22,354,162
Unlisted company													
YFY International B.V.	363,689,638	14,809,227	-	-	-	-	(424,953)	(117,176)	363,689,638	100.0	14,267,098		
YFY Packaging Inc.	410,150,000	6,776,860	57,110,000	999,996	-	-	499,334	(109,813)	467,260,000	100.0	8,166,377		
YFY Global Investment B.V.	79,000,000	7,076,519	-	-	-	-	404,519	329,904	79,000,000	100.0	7,810,942		
YFY Development Corp.	188,600,000	4,804,581	34,700,000	-	-	-	379,969	854,901	223,300,000	100.0	6,039,451		
YFY Paradigm Investment Co., Ltd.	165,681,400	3,507,018	26,676,600	-	-	-	174,630	578,542	192,358,000	100.0	4,260,190		
Effion Enertech Co., Ltd.	70,000,000	498,888	-	-	-	-	(25,890)	(2,069)	70,000,000	100.0	470,929		
China Color Printing Co., Ltd.	32,896,330	464,902	-	-	-	(7,237)	(4,922)	(484)	32,896,330	49.7	452,259		
Union Paper Corp.	19,584,000	240,885	-	-	-	-	(1,553)	(1,801)	19,584,000	18.9	237,531		
Ensilience Co., Ltd.	15,000,000	149,993	-	-	-	-	(17,860)	-	15,000,000	100.0	132,133		
Fidelis IT Solutions Co., Ltd.	2,857,000	85,848	-	-	-	(11,200)	9,780	-	2,857,000	100.0	84,428		
Yuen Yan Paper Container Co., Ltd.	6,178,500	72,735	-	-	-	(3,089)	3,913	-	6,178,500	50.9	73,559		
YFY Japan Co., Ltd.	200	68,028	-	-	-	-	550	3,912	200	100.0	72,490		
YFY Corporate Advisory & Services Co., Ltd.	3,000,000	46,957	-	-	-	(10,518)	19,936	(3,193)	3,000,000	100.0	53,182		
San Ying Enterprise Co., Ltd.	2,500,000	49,693	-	-	-	-	113	(12)	2,500,000	100.0	49,794		
Sustainable Carbohydrate Innovation Co., Ltd.	3,000,000	33,128	-	-	-	-	2,383	-	3,000,000	100.0	35,511		
Fs-Tech Company Ltd.	-	-	1,153,940	22,400	-	-	477	-	1,153,940	34.6	22,877		
Taiwan Genome Sciences, Inc.	561,291	<u>8,850</u>	-	<u>-</u>	(561,291)	<u>(8,864)</u>	<u>15</u>	<u>(1)</u>	-	-	<u>-</u>		
		<u>38,694,112</u>		<u>1,022,396</u>		<u>(40,908)</u>	<u>1,020,441</u>	<u>1,532,710</u>			<u>42,228,751</u>		
		<u>\$ 58,994,196</u>		<u>\$ 1,022,396</u>		<u>\$ (1,269,747)</u>	<u>\$ 2,120,880</u>	<u>\$ 2,043,114</u>			<u>\$ 62,910,839</u>		

Note 1: Except for YFY Japan Co., Ltd., the rest were calculated according to the audited annual financial statements.

Note 2: Except for Yongfeng Yu Industrial Paper Company and Prophet Technology Company, which increased their capital in cash, the rest received share dividends.

Note 3: Except for Taiwan Gene Technology Co., Ltd., which was sold by the Company, the rest 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 2023.

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, 2023****(In Thousands of New Taiwan Dollars)**

Type of Loan and Creditor	Deadline of the Loan	Rate (%)	Balance, December 31, 2023	Amount of the Financing
Credit loan of the bank				
First Bank	2023.12.08-2024.01.05	1.75	\$ 470,000	\$ 500,000
Hua Nan Bank	2023.12.08-2024.01.08	1.68	350,000	350,000
Shin Kong Bank	2023.12.21-2024.03.20	1.75	300,000	300,000
Taishin Bank	2023.12.06-2024.01.08	1.76	1,370,000	1,600,000
Yuanta Bank	2023.12.05-2024.03.04	1.76	<u>500,000</u>	<u>500,000</u>
			<u>\$ 2,990,000</u>	<u>\$ 3,250,000</u>

YFY INC.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE

DECEMBER 31, 2023

(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		
TFC	2023.12.21-2024.01.10	1.79	\$ 200,000	\$ 88	\$ 199,912	-	-
Grand Bills	2023.11.09-2024.01.18	1.91	2,100,000	1,871	2,098,129	-	-
MEGA Bills	2023.12.21-2024.01.10	1.79	400,000	176	399,824	-	-
MEGA Bills	2023.12.19-2024.01.08	1.79	25,000	9	24,991	-	-
MEGA Bills	2023.11.09-2024.01.18	1.91	1,500,000	1,337	1,498,663	-	-
International Bills	2023.11.17-2024.01.16	1.96	2,400,000	1,932	2,398,068	-	-
International Bills	2023.12.21-2024.01.10	1.79	<u>200,000</u>	<u>88</u>	<u>199,912</u>	-	-
			<u>\$ 6,825,000</u>	<u>\$ 5,501</u>	<u>\$ 6,819,499</u>		

YFY INC.

STATEMENT OF NON-CURRENT BORROWING
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Bank of Loan	Period of the Contract	Repayment Method	Rate (%)	Balance, December 31, 2023			Guarantee and Guarantee Situation
				Due Within One Year	Expires After One Year	Total	
Syndicated loans							
Taiwan Bank	2020.12.30-2025.12.30	Due repayment, monthly interest payment	2.10	\$ -	\$ 5,400,000	\$ 5,400,000	-
Taiwan Bank	2022.12.23-2027.12.23	Due repayment, monthly interest payment	1.88	-	5,146,000	5,146,000	-
First Bank	2021.12.24-2026.12.24	Due repayment, monthly interest payment	2.08	-	2,400,000	2,400,000	-
Less: Hosting fee of bank joint loan				-	(18,526)	(18,526)	-
				-	12,927,474	12,927,474	
Bank credit loans							
Taiwan Bank	2023.04.24-2025.04.24	Due repayment, monthly interest payment	1.75	-	800,000	800,000	-
Far Eastern Bank	2023.02.20-2025.02.20	Due repayment, monthly interest payment	1.75	-	800,000	800,000	-
				-	1,600,000	1,600,000	
				\$ -	\$ 14,527,474	\$ 14,527,474	

YFY INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Amount
Employee benefits expense	\$ 221,684
Professional service expenses	24,616
Tax expense	35,335
Agency fee expenses	36,644
Others (Note)	<u>69,908</u>
	<u>\$ 388,187</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expense	Total	Classified as Operating Costs	Classified as Operating Expense	Total
Employee benefits expense						
Salary	\$ -	\$ 183,255	\$ 183,255	\$ -	\$ 208,146	\$ 208,146
Labor and health insurance	-	10,721	10,721	-	11,765	11,765
Pension	-	3,566	3,566	-	1,813	1,813
Board compensation	-	22,000	22,000	-	22,000	22,000
Others	-	2,142	2,142	-	2,390	2,390
	<u>\$ -</u>	<u>\$ 221,684</u>	<u>\$ 221,684</u>	<u>\$ -</u>	<u>\$ 246,114</u>	<u>\$ 246,114</u>
Depreciation	<u>\$ -</u>	<u>\$ 4,162</u>	<u>\$ 4,162</u>	<u>\$ -</u>	<u>\$ 4,625</u>	<u>\$ 4,625</u>
Amortization	<u>\$ -</u>	<u>\$ 583</u>	<u>\$ 583</u>	<u>\$ -</u>	<u>\$ 2,439</u>	<u>\$ 2,439</u>

Note 1: For the years ended December 31, 2023 and 2022, the Company had average 83 and 92 employees in both years, respectively, which included 6 non-employee directors.

Note 2: a. Average employee benefits expense for the years ended December 31, 2023 and 2022 were \$2,593 thousand and \$2,606 thousand, respectively.

b. Average salary for the years ended December 31, 2023 and 2022 were \$2,380 thousand and \$2,420 thousand, respectively.

c. The average salary changed by (1.7%) year over year.

d. The Company did not have supervisors.

Note 3: The Company's compensation policies:

a. 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.

b. 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.

c. 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.