

## **YFY Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
YFY Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of YFY Inc. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated 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 International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Notes 14 and 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2019 and 2018, the combined total assets of these non-significant subsidiaries were NT\$23,060,038 thousand and NT\$20,357,888 thousand, respectively, representing 19% and 17%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$10,132,269 thousand and NT\$7,728,969 thousand, respectively, representing 14% and 11%, respectively, of the consolidated total liabilities; the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$196,847 thousand, NT\$184,350 thousand, NT\$543,471 thousand and NT\$575,457 thousand, respectively, representing 9%, 12%, 12% and 23%, respectively, of the consolidated total comprehensive income for the three and six months ended June 30, 2019 and 2018. As of June 30, 2019 and 2018, the carrying amounts of the above mentioned investments accounted for using the equity method were NT\$173,978 thousand and NT\$1,085,116 thousand, respectively; for the three and six months ended June 30, 2019 and 2018, the amounts of comprehensive income (loss) of investments accounted for using the equity method were a loss of NT\$21,864 thousand and a loss

of NT\$51,268 thousand, a loss of NT\$5,089 thousand and a gain of NT\$37,628 thousand, respectively.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that has caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2019 and 2018, its consolidated financial performance for the three and six months ended June 30, 2019 and 2018, and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Min Huang and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 13, 2019

### Notice to Readers

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

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

## YFY INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 5,667,681	5	\$ 4,658,611	4	\$ 4,606,744	4
Current financial assets at fair value through profit or loss (Notes 7 and 30)	1,606,285	1	1,285,303	1	1,048,065	1
Current financial assets at fair value through other comprehensive income (Note 8)	6,260,062	5	4,990,981	4	5,320,898	4
Current financial assets at amortized cost (Note 9)	1,539,420	1	1,320,145	1	2,525,141	2
Notes receivable, net (Notes 11, 22, 28 and 30)	2,945,695	2	3,700,326	3	3,562,347	3
Accounts receivable, net (Notes 11 and 22)	11,697,030	10	11,676,010	10	11,913,869	10
Accounts receivable due from related parties, net (Notes 22 and 29)	458,618	-	91,176	-	66,122	-
Current inventories (Note 12)	10,411,344	9	11,161,650	9	10,735,686	9
Current biological assets (Note 13)	3,376,606	3	3,317,475	3	3,343,162	3
Prepayments	1,118,265	1	1,123,886	1	1,907,681	1
Other current financial assets (Note 30)	516,281	-	112,304	-	165,697	-
Other current assets, others (Note 10)	<u>1,247,679</u>	<u>1</u>	<u>879,512</u>	<u>1</u>	<u>762,397</u>	<u>1</u>
Total current assets	<u>46,844,966</u>	<u>38</u>	<u>44,317,379</u>	<u>37</u>	<u>45,957,809</u>	<u>38</u>
NON-CURRENT ASSETS (Note 4)						
Non-current financial assets at fair value through profit or loss (Notes 7 and 29)	410,191	-	402,418	-	410,191	-
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 29)	13,482,837	11	11,753,327	10	12,385,980	10
Non-current financial assets at amortized cost (Note 9)	448,701	-	64,400	-	-	-
Investments accounted for using equity method (Note 15)	5,455,414	5	5,781,562	5	5,695,413	5
Property, plant and equipment (Notes 16 and 30)	48,796,076	40	48,947,012	42	49,421,113	41
Right-of-use assets (Notes 17 and 30)	2,013,699	2	-	-	-	-
Investment property, net (Note 18)	2,756,164	2	2,759,156	2	2,696,375	2
Goodwill	527,823	-	521,979	1	517,660	1
Deferred tax assets	391,612	-	409,412	-	448,888	-
Long-term Lease Prepayments (Note 30)	-	-	1,354,948	1	1,310,388	1
Prepayments for business facilities (Note 16)	1,204,375	1	1,177,770	1	968,415	1
Other non-current assets, others (Note 30)	<u>657,159</u>	<u>1</u>	<u>719,011</u>	<u>1</u>	<u>906,518</u>	<u>1</u>
Total non-current assets	<u>76,144,051</u>	<u>62</u>	<u>73,890,995</u>	<u>63</u>	<u>74,760,941</u>	<u>62</u>
TOTAL ASSETS	<u>\$ 122,989,017</u>	<u>100</u>	<u>\$ 118,208,374</u>	<u>100</u>	<u>\$ 120,718,750</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Current borrowings (Note 19)	\$ 15,945,021	13	\$ 11,477,187	10	\$ 14,954,801	12
Short-term notes and bills payable (Note 19)	6,745,608	6	6,696,636	6	8,110,071	7
Current financial liabilities at fair value through profit or loss (Note 7)	46,275	-	135,316	-	76,446	-
Current contract liabilities (Note 22)	505,481	-	481,727	1	475,285	1
Accounts payable	8,519,063	7	8,453,518	7	8,289,211	7
Accounts payable to related parties (Note 29)	29,693	-	64,405	-	55,946	-
Other payables, others (Note 16)	4,630,051	4	3,604,020	3	4,744,782	4
Current tax liabilities (Note 4)	434,286	-	442,823	-	366,889	-
Current lease liabilities (Notes 4 and 17)	129,618	-	-	-	-	-
Long-term liabilities, current portion (Note 19)	860,000	1	120,000	-	310,000	-
Other current liabilities, others (Notes 4 and 10)	<u>2,601,263</u>	<u>2</u>	<u>1,229,287</u>	<u>1</u>	<u>1,114,454</u>	<u>1</u>
Total current liabilities	<u>40,446,359</u>	<u>33</u>	<u>32,704,919</u>	<u>28</u>	<u>38,497,885</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Non-current portion of non-current borrowings (Note 19)	26,985,585	22	33,614,835	28	30,199,208	25
Deferred tax liabilities (Note 4)	3,416,271	3	3,411,586	3	3,439,195	3
Non-current lease liabilities (Notes 4 and 17)	384,181	-	-	-	-	-
Net defined benefit liability, non-current (Notes 4 and 20)	1,184,145	1	1,256,602	1	1,051,519	1
Other non-current liabilities, others	<u>276,153</u>	<u>-</u>	<u>287,399</u>	<u>-</u>	<u>279,071</u>	<u>-</u>
Total non-current liabilities	<u>32,246,335</u>	<u>26</u>	<u>38,570,422</u>	<u>32</u>	<u>34,968,993</u>	<u>29</u>
Total liabilities	<u>72,692,694</u>	<u>59</u>	<u>71,275,341</u>	<u>60</u>	<u>73,466,878</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4, 21 and 29)						
Share capital	16,603,715	14	16,603,715	14	16,603,715	14
Capital surplus	1,009,254	1	989,929	1	1,010,603	1
Retained earnings	14,081,901	11	14,241,392	12	13,645,143	11
Other equity interest	<u>7,080,782</u>	<u>6</u>	<u>3,627,473</u>	<u>3</u>	<u>4,906,942</u>	<u>4</u>
Total equity attributable to owners of parent	<u>38,775,652</u>	<u>32</u>	<u>35,462,509</u>	<u>30</u>	<u>36,166,403</u>	<u>30</u>
NON-CONTROLLING INTERESTS	<u>11,520,671</u>	<u>9</u>	<u>11,470,524</u>	<u>10</u>	<u>11,085,469</u>	<u>9</u>
Total equity	<u>50,296,323</u>	<u>41</u>	<u>46,933,033</u>	<u>40</u>	<u>47,251,872</u>	<u>39</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 122,989,017</u>	<u>100</u>	<u>\$ 118,208,374</u>	<u>100</u>	<u>\$ 120,718,750</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 13, 2019)

# YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Notes 4, 22 and 29)								
Net sales revenue	\$ 16,196,718	85	\$ 16,729,470	88	\$ 31,447,196	87	\$ 32,558,170	88
Other operating revenue, net	<u>2,762,020</u>	<u>15</u>	<u>2,306,371</u>	<u>12</u>	<u>4,877,826</u>	<u>13</u>	<u>4,297,163</u>	<u>12</u>
Total operating revenue	<u>18,958,738</u>	<u>100</u>	<u>19,035,841</u>	<u>100</u>	<u>36,325,022</u>	<u>100</u>	<u>36,855,333</u>	<u>100</u>
OPERATING COSTS								
(Notes 12, 23 and 29)								
Cost of sales	13,814,503	73	14,287,489	75	26,932,259	74	28,283,880	77
Other operating costs	<u>1,770,279</u>	<u>9</u>	<u>1,642,194</u>	<u>8</u>	<u>3,387,822</u>	<u>10</u>	<u>3,004,332</u>	<u>8</u>
Total operating costs	<u>15,584,782</u>	<u>82</u>	<u>15,929,683</u>	<u>83</u>	<u>30,320,081</u>	<u>84</u>	<u>31,288,212</u>	<u>85</u>
LOSS ON CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS								
(Notes 4 and 13)	<u>(1,792)</u>	<u>-</u>	<u>(2,282)</u>	<u>-</u>	<u>(3,153)</u>	<u>-</u>	<u>(6,531)</u>	<u>-</u>
GROSS PROFIT (LOSS) FROM OPERATIONS	<u>3,372,164</u>	<u>18</u>	<u>3,103,876</u>	<u>17</u>	<u>6,001,788</u>	<u>16</u>	<u>5,560,590</u>	<u>15</u>
OPERATING EXPENSES								
(Notes 23 and 29)								
Selling expenses	1,287,014	7	1,241,046	7	2,591,099	7	2,458,752	7
Administrative expenses	859,949	5	942,381	5	1,767,697	5	1,869,595	5
Research and development expenses	<u>92,589</u>	<u>-</u>	<u>60,237</u>	<u>-</u>	<u>165,000</u>	<u>-</u>	<u>115,621</u>	<u>-</u>
Total operating expenses	<u>2,239,552</u>	<u>12</u>	<u>2,243,664</u>	<u>12</u>	<u>4,523,796</u>	<u>12</u>	<u>4,443,968</u>	<u>12</u>
NET OPERATING INCOME (LOSS)	<u>1,132,612</u>	<u>6</u>	<u>860,212</u>	<u>5</u>	<u>1,477,992</u>	<u>4</u>	<u>1,116,622</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs, net (Notes 4 and 23)	(228,346)	(1)	(251,078)	(2)	(485,512)	(1)	(498,924)	(1)
Share of profit (loss) of associates accounted for using equity method, net (Notes 4 and 15)	50,880	-	143,884	1	126,997	-	212,386	-
Interest income	52,310	-	44,766	-	111,686	-	96,920	-
Rent income (Notes 18 and 29)	10,752	-	23,438	-	35,661	-	46,452	-
Other income, others	103,155	1	173,556	1	197,618	1	249,765	1
Miscellaneous disbursements	(161,708)	(1)	(22,838)	-	(169,886)	(1)	(27,694)	-
Foreign exchange gains (losses) (Note 32)	(261,017)	(1)	(602,368)	(3)	47,038	-	(247,465)	(1)
Gains (losses) on financial assets or liabilities at fair value through profit or loss (Note 4)	247,155	1	524,517	3	(35,611)	-	295,572	1
Total non-operating income and expenses	<u>(186,819)</u>	<u>(1)</u>	<u>33,877</u>	<u>-</u>	<u>(172,009)</u>	<u>(1)</u>	<u>127,012</u>	<u>-</u>

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# YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX	\$ 945,793	5	\$ 894,089	5	\$ 1,305,983	3	\$ 1,243,634	3
TAX EXPENSE (INCOME) (Notes 4 and 24)	(308,599)	(1)	(310,114)	(2)	(440,565)	(1)	(484,181)	(1)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	637,194	4	583,975	3	865,418	2	759,453	2
OTHER COMPREHENSIVE INCOME (Notes 4 and 24)								
Components of other comprehensive income that will not be reclassified to profit or loss								
Gains (losses) on remeasurements of defined benefit plans	-	-	6,484	-	-	-	24,297	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,576,797	8	525,448	3	3,274,787	9	1,138,953	3
Share of other comprehensive income of associates accounted for using equity method	73,794	1	(73,038)	(1)	175,967	1	(21,773)	-
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation	(90,073)	(1)	439,858	3	381,929	1	588,305	2
Gains (losses) on hedging instrument	1,022	-	3,807	-	(937)	-	11,293	-
Share of other comprehensive income of associates accounted for using equity method	(18,343)	-	30,411	-	(2,117)	-	15,835	-
Other comprehensive income, net	1,543,197	8	932,970	5	3,829,629	11	1,756,910	5
TOTAL COMPREHENSIVE INCOME	\$ 2,180,391	12	\$ 1,516,945	8	\$ 4,695,047	13	\$ 2,516,363	7
PROFIT (LOSS), ATTRIBUTABLE TO:								
Profit (loss), attributable to owners of parent	\$ 539,030	4	\$ 436,870	2	\$ 660,330	2	\$ 547,128	1
Profit (loss), attributable to non-controlling interests	98,164	-	147,105	1	205,088	-	212,325	1
	\$ 637,194	4	\$ 583,975	3	\$ 865,418	2	\$ 759,453	2

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## YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Comprehensive income, attributable to owners of parent	\$ 2,009,727	11	\$ 1,341,288	7	\$ 4,290,041	12	\$ 2,207,611	6
Comprehensive income, attributable to non-controlling interests	<u>170,664</u>	<u>1</u>	<u>175,657</u>	<u>1</u>	<u>405,006</u>	<u>1</u>	<u>308,752</u>	<u>1</u>
	<u>\$ 2,180,391</u>	<u>12</u>	<u>\$ 1,516,945</u>	<u>8</u>	<u>\$ 4,695,047</u>	<u>13</u>	<u>\$ 2,516,363</u>	<u>7</u>
EARNINGS PER SHARE (Note 25)								
Basic earnings per share	<u>\$0.33</u>		<u>\$0.26</u>		<u>\$0.40</u>		<u>\$0.33</u>	
Diluted earnings per share	<u>\$0.33</u>		<u>\$0.26</u>		<u>\$0.40</u>		<u>\$0.33</u>	

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

(With Deloitte & Touche review report dated August 13, 2019)

(Concluded)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent																	
											Other Equity							
											Unrealized Gains (Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income	Gains (Losses) on Effective Portion of Cash Flow Hedges	Gains (Losses) on Hedging Instruments	Total	Non-controlling Interests	Total Equity		
	Share Capital		Capital Surplus				Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets						
	Shares (In Thousands)	Amount	Treasury Shares	Consolidation Excess	Others	Total	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficit)	Total								
BALANCE AT JANUARY 1, 2018	1,660,372	\$ 16,603,715	\$ 14,947	\$ 293,124	\$ 738,729	\$ 1,046,800	\$ 3,254,722	\$ 4,030,039	\$ 6,609,773	\$ 13,894,534	\$ (263,411)	\$ 1,964,407	\$ -	\$ (14,871)	\$ -	\$ 33,231,174	\$ 10,295,146	\$ 43,526,320
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	-	-	124,573	124,573	-	(1,964,407)	3,545,472	14,871	(14,871)	1,705,638	43,400	1,749,038
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,660,372	16,603,715	14,947	293,124	738,729	1,046,800	3,254,722	4,030,039	6,734,346	14,019,107	(263,411)	-	3,545,472	-	(14,871)	34,936,812	10,338,546	45,275,358
Appropriation of the 2017 earnings																		
Legal reserve appropriated	-	-	-	-	-	-	160,651	-	(160,651)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	(996,223)	(996,223)	-	-	-	-	-	(996,223)	-	(996,223)
Reversal of special reserve	-	-	-	-	-	-	-	(1,455)	1,455	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(443,355)	(443,355)
Changes in equity of associates accounted for using equity method	-	-	-	-	(42,329)	(42,329)	-	-	54,400	54,400	-	-	-	-	-	12,071	(2,842)	9,229
Other changes in capital surplus	-	-	-	-	(16)	(16)	-	-	-	-	-	-	-	-	-	(16)	-	(16)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	973	973	-	-	-	-	-	-	-	-	-	973	134,396	135,369
Changes in ownership interests in subsidiaries	-	-	-	-	5,175	5,175	-	-	-	-	-	-	-	-	-	5,175	11,959	17,134
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	738,013	738,013
Profit (loss)	-	-	-	-	-	-	-	-	547,128	547,128	-	-	-	-	-	547,128	212,325	759,453
Other comprehensive income	-	-	-	-	-	-	-	-	20,731	20,731	574,565	-	1,055,184	-	10,003	1,660,483	96,427	1,756,910
Total comprehensive income	-	-	-	-	-	-	-	-	567,859	567,859	574,565	-	1,055,184	-	10,003	2,207,611	308,752	2,516,363
BALANCE AT JUNE 30, 2018	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 702,532</u>	<u>\$ 1,010,603</u>	<u>\$ 3,415,373</u>	<u>\$ 4,028,584</u>	<u>\$ 6,201,186</u>	<u>\$ 13,645,143</u>	<u>\$ 311,154</u>	<u>\$ -</u>	<u>\$ 4,600,656</u>	<u>\$ -</u>	<u>\$ (4,868)</u>	<u>\$ 36,166,403</u>	<u>\$ 11,085,469</u>	<u>\$ 47,251,872</u>
BALANCE AT JANUARY 1, 2019	1,660,372	\$ 16,603,715	\$ 14,947	\$ 293,124	\$ 681,858	\$ 989,929	\$ 3,415,373	\$ 4,028,584	\$ 6,797,435	\$ 14,241,392	\$ (40,365)	\$ -	\$ 3,674,848	\$ -	\$ (7,010)	\$ 35,462,509	\$ 11,470,524	\$ 46,933,033
Appropriation of the 2018 earnings																		
Legal reserve appropriated	-	-	-	-	-	-	144,000	-	(144,000)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	(996,223)	(996,223)	-	-	-	-	-	(996,223)	-	(996,223)
Reversal of special reserve	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(371,413)	(371,413)
Changes in equity of associates accounted for using equity method	-	-	-	-	(3,438)	(3,438)	-	-	555	555	-	-	(555)	-	-	(3,438)	(265)	(3,703)
Other changes in capital surplus	-	-	-	-	16,846	16,846	-	-	-	-	-	-	-	-	-	16,846	-	16,846
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(887)	(887)	-	-	-	-	-	-	-	-	-	(887)	14,524	13,637
Changes in ownership interests in subsidiaries	-	-	-	-	6,804	6,804	-	-	58	58	-	-	(58)	-	-	6,804	2,295	9,099
Profit (loss)	-	-	-	-	-	-	-	-	660,330	660,330	-	-	-	-	-	660,330	205,088	865,418
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	346,473	-	3,283,672	-	(434)	3,629,711	199,918	3,829,629
Total comprehensive income	-	-	-	-	-	-	-	-	660,330	660,330	346,473	-	3,283,672	-	(434)	4,290,041	405,006	4,695,047
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	175,789	175,789	-	-	(175,789)	-	-	-	-	-
BALANCE AT JUNE 30, 2019	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 701,183</u>	<u>\$ 1,009,254</u>	<u>\$ 3,559,373</u>	<u>\$ 4,028,583</u>	<u>\$ 6,493,945</u>	<u>\$ 14,081,901</u>	<u>\$ 306,108</u>	<u>\$ -</u>	<u>\$ 6,782,118</u>	<u>\$ -</u>	<u>\$ (7,444)</u>	<u>\$ 38,775,652</u>	<u>\$ 11,520,671</u>	<u>\$ 50,296,323</u>

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

(With Deloitte & Touche review report dated August 13, 2019)



# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES, INDIRECT METHOD		
Profit (loss) before tax	\$ 1,305,983	\$ 1,243,634
Adjustments to reconcile profit (loss)		
Depreciation and amortization expenses	2,106,488	1,983,075
Expected credit losses	9,144	8,358
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	35,611	(295,572)
Finance costs	485,512	498,924
Interest income	(111,686)	(96,920)
Dividend income	(6,708)	(3,816)
Share of loss (profit) of associates accounted for using equity method	(126,997)	(212,386)
Loss (gain) on disposal of property, plant and equipment	1,624	462
Loss (gain) on disposal of investment properties	(26,106)	(4,129)
Loss (gain) on disposal of investments	(253)	-
Write-down of inventories (reversed)	(5,523)	(6,064)
Unrealized foreign exchange loss (gain)	(9,921)	339,094
Loss on changes in fair value less costs to sell of biological assets	3,153	6,531
Gain on bargain purchase	-	(6,975)
Changes in operating assets and liabilities		
Decrease (increase) in current financial assets at fair value through profit or loss, mandatorily measured at fair value	(70,370)	(166,167)
Decrease (increase) in notes receivable, net	852,586	297,249
Decrease (increase) in accounts receivable, net	150,955	569,899
Decrease (increase) in accounts receivable due from related parties, net	(367,442)	(316,951)
Decrease (increase) in current inventories	847,420	(870,322)
Decrease (increase) in current biological assets	(30,944)	(33,669)
Decrease (increase) in prepayments	8,710	(675,554)
Decrease (increase) in other current assets, others	103,734	792,206
Increase (decrease) in financial liabilities held for trading	(375,813)	(398,546)
Increase (decrease) in current contract liabilities	21,310	29,972
Increase (decrease) in accounts payable	(38,060)	(513,282)
Increase (decrease) in accounts payable to related parties	103,474	(105,109)
Increase (decrease) in other payable, others	(240,789)	32,007
Increase (decrease) in other current liabilities, others	(43,226)	(82,431)
Increase (decrease) in net defined benefit liability, non-current	(72,457)	(82,621)
Cash inflow (outflow) generated from operations	4,509,409	1,930,897
Interest received	100,743	75,750
Dividends received	64,323	5,171

(Continued)

# YFY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
Interest paid	\$ (421,142)	\$ (424,218)
Income taxes paid	<u>(461,074)</u>	<u>(315,493)</u>
Net cash flows from (used in) operating activities	<u>3,792,259</u>	<u>1,272,107</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(2)	(25,828)
Proceeds from disposal of financial assets at fair value through other comprehensive income	213,076	223
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	66,769	7,097
Acquisition of financial assets at amortized cost	(601,520)	(374,082)
Disposal of financial assets for hedging	213	12,826
Net cash flow from acquisition of subsidiaries	-	77,041
Proceeds from disposal of subsidiaries	(128)	-
Proceeds from capital reduction of investments accounted for using equity method	191,650	-
Acquisition of property, plant and equipment	(1,950,781)	(1,704,445)
Proceeds from disposal of property, plant and equipment	101,180	80,533
Acquisition of right-of-use assets	(129,558)	-
Proceeds from disposal of investment properties	26,106	17,585
Decrease (increase) in other financial assets	(400,759)	242,156
Decrease in other non-current assets, others	32,731	33,363
Increase in other non-current liabilities, others	<u>1,219,094</u>	<u>-</u>
Net cash flows from (used in) investing activities	<u>(1,231,929)</u>	<u>(1,633,531)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Increase in current borrowings	4,417,179	2,356,424
Increase in short-term notes and bills payable	48,972	74,971
Repayments of long-term liabilities	(5,949,960)	(1,786,859)
Payments of lease liabilities	(80,062)	-
Increase (decrease) in other non-current liabilities, others	(27,473)	15,640
Change in non-controlling interests	(782)	134,363
Overdue dividends received (paid)	<u>16,846</u>	<u>(16)</u>
Net cash flows from (used in) financing activities	<u>(1,575,280)</u>	<u>794,523</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>24,020</u>	<u>28,751</u>

(Continued)

## YFY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,009,070	\$ 461,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,658,611</u>	<u>4,144,894</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 5,667,681</u>	<u>\$ 4,606,744</u>

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

(With Deloitte & Touche review report dated August 13, 2019)

(Concluded)

# **YFY INC. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

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

The Company was originally principally engaged in the manufacture and sale of paper and paper-related products and the design, manufacture and sale of equipment. To increase its sales and competitiveness, the Company carried out a restructuring of the organization and spin-off of its specialized divisions. The Company spun off the assets, liabilities, and operations of its consumer products and packaging segments to its subsidiaries, YFY 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 Co., Ltd. (CHPC) and acquired the shares issued by CHPC on October 1, 2012. After this transaction, CHPC became a subsidiary of the Company, and the Company became an investment holding company, with investment as its main business.

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

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on August 13, 2019.

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

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

- IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

### Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

### The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the notes of the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Currently, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China were recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

The lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 2.56%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 634,526
Less: Recognition exemption for short-term leases and leases of low-value assets	<u>(78,222)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 556,304</u>
Discounted amounts using the incremental borrowing rate and lease liabilities recognized on January 1, 2019	<u>\$ 537,268</u>

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets and liabilities as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Prepayments for leases - current	\$ 12,073	\$ (12,073)	\$ -
Prepayments for leases - non-current	1,354,948	(1,354,948)	-
Right-of-use assets	<u>-</u>	<u>1,904,289</u>	<u>1,904,289</u>
Total effect on assets	<u>\$ 1,367,021</u>	<u>\$ 537,268</u>	<u>\$ 1,904,289</u>
Lease liabilities - current	\$ -	\$ 128,244	\$ 128,244
Lease liabilities - non-current	<u>-</u>	<u>409,024</u>	<u>409,024</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 537,268</u>	<u>\$ 537,268</u>

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

- c. Basis of consolidation

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

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

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

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

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

Refer to Note 14 and Tables 8 and 9 for more information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the accounting policies of leases and the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2018.

1) Leases

2019

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

a) The Group as lessor

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

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

b) The Group as lessee

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

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



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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## 2018

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.

Rental payment from operating leases is recognized as expense on a straight-line basis over the term of the relevant lease.

### 2) Employee benefits

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

### 3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss or other comprehensive income (loss) in full in the period in which the change in tax rate occurs.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2018.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 40,794	\$ 17,296	\$ 15,953
Checking accounts and demand deposits	4,056,946	3,468,017	3,581,313
Cash equivalents			
Time deposits	1,502,441	1,116,298	997,478
Repurchase agreements collateralized by bonds	<u>67,500</u>	<u>57,000</u>	<u>12,000</u>
	<u>\$ 5,667,681</u>	<u>\$ 4,658,611</u>	<u>\$ 4,606,744</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 75,861	\$ 10,292	\$ 358,834
Cross-currency swap contracts	-	97,838	48,924
Combined option contracts	19,011	47,920	11,053
Currency exchange contracts	436	-	-
Non-derivative financial assets			
Mutual funds	237,649	179,048	283,569
Hybrid financial assets			
Structured deposits	<u>1,273,328</u>	<u>950,205</u>	<u>345,685</u>
	<u>\$ 1,606,285</u>	<u>\$ 1,285,303</u>	<u>\$ 1,048,065</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Subordinated bank debentures	<u>\$ 410,191</u>	<u>\$ 402,418</u>	<u>\$ 410,191</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ 28,495	\$ 102,116	\$ 14,211
Combined option contracts	17,780	33,200	8,792
Cross-currency swap contracts	<u>-</u>	<u>-</u>	<u>53,443</u>
	<u>\$ 46,275</u>	<u>\$ 135,316</u>	<u>\$ 76,446</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>June 30, 2019</u>			
Buy	USD:RMB	2019.07.05-2019.07.17	USD15,000
Sell	USD:NTD	2019.07.01-2019.07.31	USD24,900
Sell	RMB:USD	2019.07.08-2019.09.23	RMB2,217,973
<u>December 31, 2018</u>			
Buy	USD:RMB	2019.07.05	USD10,000
Sell	USD:NTD	2019.01.03-2019.01.22	USD19,700
Sell	RMB:USD	2019.01.07-2019.05.20	RMB2,340,554
<u>June 30, 2018</u>			
Buy	USD:RMB	2018.07.05-2018.09.25	USD20,000
Sell	EUR:NTD	2018.07.02	EUR3,500
Sell	USD:NTD	2018.07.03-2018.07.20	USD22,460
Sell	RMB:USD	2018.07.13-2018.12.04	RMB1,719,204

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

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting are as follows:

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
US\$45,000	2019.04.16-2019.05.08	3.52%-3.64%	1.55%-1.56%

June 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
US\$85,000	2018.07.05-2019.05.08	3.78%-3.97%	1.55%-1.56%

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

At the end of the reporting period, outstanding combined option contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2019</u>			
Buy	USD:RMB	2019.07.03-2019.10.23	USD50,000
Sell	USD:RMB	2019.07.03-2019.10.23	USD50,000
<u>December 31, 2018</u>			
Buy	USD:RMB	2019.06.26-2019.10.23	USD70,000
Sell	USD:RMB	2019.06.26-2019.10.23	USD70,000
<u>June 30, 2018</u>			
Buy	USD:RMB	2019.06.26	USD20,000
Sell	USD:RMB	2019.06.26	USD20,000

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

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2019</u>			
Currency exchange contracts	JPY:USD	2019.12.16	JPY250,000/USD2,336

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
Investments in equity instruments at FVTOCI - <u>current</u>			
Domestic investments			
Listed shares	<u>\$ 6,260,062</u>	<u>\$ 4,990,981</u>	<u>\$ 5,320,898</u>

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Investments in equity instruments at FVTOCI - <u>non-current</u>			
Domestic investments			
Listed shares	\$ 9,584,514	\$ 8,363,169	\$ 9,132,415
Unlisted shares	<u>3,590,586</u>	<u>3,007,277</u>	<u>2,839,836</u>
	13,175,100	11,370,446	11,972,251
Foreign investments			
Unlisted shares	<u>307,737</u>	<u>382,881</u>	<u>413,729</u>
	<u>\$ 13,482,837</u>	<u>\$ 11,753,327</u>	<u>\$ 12,385,980</u>
			(Concluded)

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Current</u>			
Time deposits with original maturities of more than 3 months and not exceeding 1 year	<u>\$ 1,539,420</u>	<u>\$ 1,320,145</u>	<u>\$ 2,525,141</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 448,701</u>	<u>\$ 64,400</u>	<u>\$ -</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months and not exceeding 1 year were 0.63%-3.80%, 0.19%-3.95% and 0.63%-3.95% as of June 30, 2019, December 31, 2018 and June 30, 2018.

The ranges of interest rates for time deposits with original maturities of more than 1 year were 1.07%-3.96% and 1.07%-1.12% as of June 30, 2019 and December 31, 2018.

# 10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2019	December 31, 2018	June 30, 2018
Derivative financial assets under hedge accounting - current (accounted for as other current assets)			
Foreign exchange forward contracts	\$ 27	\$ 101	\$ 912
Derivative financial liabilities under hedge accounting - current (accounted for as other current liabilities)			
Foreign exchange forward contracts	\$ 390	\$ 251	\$ 3,433

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

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2019</u>			
Buy	EUR:NTD	2019.07.15-2019.07.31	EUR1,468
Buy	JPY:NTD	2019.08.30	JPY13,950
<u>December 31, 2018</u>			
Buy	EUR:NTD	2019.01.22-2019.03.05	EUR3,712
Buy	JPY:NTD	2019.01.31	JPY13,950
<u>June 30, 2018</u>			
Buy	EUR:NTD	2018.08.09-2018.12.05	EUR7,850
Buy	JPY:NTD	2018.07.09	JPY13,950

## 11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes receivable</u>			
Notes receivable	\$ 2,952,870	\$ 3,711,474	\$ 3,569,831
Less: Allowance for impairment loss	<u>(7,175)</u>	<u>(11,148)</u>	<u>(7,484)</u>
	<u>\$ 2,945,695</u>	<u>\$ 3,700,326</u>	<u>\$ 3,562,347</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 12,171,555	\$ 12,171,582	\$ 12,455,348
Less: Allowance for impairment loss	<u>(474,525)</u>	<u>(495,572)</u>	<u>(541,479)</u>
	<u>\$ 11,697,030</u>	<u>\$ 11,676,010</u>	<u>\$ 11,913,869</u>

Notes receivable and accounts receivable were generated from operating activities.

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period.

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

### June 30, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 360 Days	Total
Gross carrying amount	\$ 13,544,641	\$ 850,471	\$ 415,216	\$ 20,289	\$ 293,808	\$ 15,124,425
Loss allowance (lifetime ECLs)	<u>(53,878)</u>	<u>(84,096)</u>	<u>(50,028)</u>	<u>(5,141)</u>	<u>(288,557)</u>	<u>(481,700)</u>
Amortized cost	<u>\$ 13,490,763</u>	<u>\$ 766,375</u>	<u>\$ 365,188</u>	<u>\$ 15,148</u>	<u>\$ 5,251</u>	<u>\$ 14,642,725</u>

### December 31, 2018

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 360 Days	Total
Gross carrying amount	\$ 14,937,219	\$ 508,006	\$ 49,895	\$ 46,832	\$ 341,104	\$ 15,883,056
Loss allowance (lifetime ECLs)	<u>(92,245)</u>	<u>(72,781)</u>	<u>(669)</u>	<u>(39,412)</u>	<u>(301,613)</u>	<u>(506,720)</u>
Amortized cost	<u>\$ 14,844,974</u>	<u>\$ 435,225</u>	<u>\$ 49,226</u>	<u>\$ 7,420</u>	<u>\$ 39,491</u>	<u>\$ 15,376,336</u>

## June 30, 2018

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 360 Days	Total
Gross carrying amount	\$ 14,908,975	\$ 657,385	\$ 75,777	\$ 6,451	\$ 376,591	\$ 16,025,179
Loss allowance (lifetime ECLs)	<u>(84,133)</u>	<u>(84,093)</u>	<u>(6,822)</u>	<u>(4,739)</u>	<u>(369,176)</u>	<u>(548,963)</u>
Amortized cost	<u>\$ 14,824,842</u>	<u>\$ 573,292</u>	<u>\$ 68,955</u>	<u>\$ 1,712</u>	<u>\$ 7,415</u>	<u>\$ 15,476,216</u>

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 506,720	\$ 502,380
Add: Net remeasurement of loss allowance	9,144	8,358
Less: Amounts written off	(38,676)	(15,603)
Acquisition due to business combination	-	48,416
Effect of foreign currency exchange differences	<u>4,512</u>	<u>5,412</u>
Balance at June 30	<u>\$ 481,700</u>	<u>\$ 548,963</u>

As of June 30, 2019 and December 31, 2018, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$542,880 thousand and \$1,675,911 thousand. For information on the transfer of financial instruments, refer to Note 28.

The carrying amount of notes receivable pledged as collateral was disclosed in Note 30.

## 12. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Finished and purchased goods	\$ 5,101,542	\$ 4,732,968	\$ 4,380,451
Materials	4,377,405	5,426,203	5,342,923
Work-in-process	932,397	1,002,479	1,010,695
Construction-in-progress	<u>-</u>	<u>-</u>	<u>1,617</u>
	<u>\$ 10,411,344</u>	<u>\$ 11,161,650</u>	<u>\$ 10,735,686</u>

The cost of goods sold for the three and six months ended June 30, 2019 and 2018 included reversals of inventory write-downs of \$6,801 thousand, \$5,523 thousand, \$3,199 thousand and \$6,064 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.



### 13. BIOLOGICAL ASSETS

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 3,317,475	\$ 3,280,878
Increases due to planting	62,990	102,562
Loss on changes in fair value less costs to sell	(3,153)	(6,531)
Decreases due to harvesting	(32,046)	(68,893)
Effect of foreign currency exchange differences	<u>31,340</u>	<u>35,146</u>
Balance at June 30	<u>\$ 3,376,606</u>	<u>\$ 3,343,162</u>

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
Eucalyptus (Level 3)	<u>\$ 3,486,598</u>	<u>\$ 3,396,946</u>	<u>\$ 3,445,511</u>

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 3,396,946	\$ 3,380,533
Increases due to planting	63,847	108,731
Loss on changes in fair value less costs to sell	(3,196)	(6,923)
Decreases due to harvesting	(32,482)	(73,036)
Effect of foreign currency exchange differences	<u>61,483</u>	<u>36,206</u>
Balance at June 30	<u>\$ 3,486,598</u>	<u>\$ 3,445,511</u>

The financial risks associated with the Group's biological assets are derived from the high degree of uncertainty in the estimation of forest stocks.

## 14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements (for the diagram of investment structure of the Group as at June 30, 2018, refer to Table 1):

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2019	December 31, 2018	June 30, 2018	
YFY Inc.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	56.9	56.9	56.9	
	YFY International BVI Corp.	Investment and holding	100.0	100.0	100.0	
	YFY Global Investment BVI Corp.	Investment and holding	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper - related merchandise	100.0	100.0	100.0	
	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex	49.5	49.6	49.6	2)
	China Color Printing Co., Ltd.	Design and print of magazines, posters and books	49.7	49.7	49.7	2)
	YFY Venture Capital Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	49.0	49.0	49.0	
	YFY Capital Co., Ltd.	Sale of paper and paper-related merchandise	100.0	100.0	100.0	
	YFY Holding Management Co., Ltd.	Consulting	100.0	100.0	100.0	
	Union Paper Co., Ltd.	Manufacture and sale of paper	18.9	18.9	18.9	2)
	YFY Paradigm Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	
	San Ying Enterprise Co., Ltd.	Design and construct water processing construction and environmental facilities	100.0	100.0	100.0	
	Lotus Ecocings & Engineering Co., Ltd.	Construction of sewage treatment plants and incinerators	100.0	100.0	100.0	
YFY International BVI Corp.	YFY Japan Co., Ltd.	Trade of paper, chemical material and machinery	100.0	100.0	100.0	
	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	50.9	50.9	50.9	
	Fidelis IT Solutions Co., Ltd.	a. Provides services in information software and information processing. b. Wholesale of information software and electric appliance.	100.0	100.0	100.0	
	Sustainable Carbohydrate Innovation Co., Ltd.	Research and development.	100.0	-	-	12)
	YFY Cayman Co., Ltd.	Investment and holding	100.0	100.0	100.0	
	Guangdong Dingfeng Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	40.0	40.0	40.0	
	Zhaoqing Dingfeng Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	13.5	13.5	13.5	
	Hwa Fong Paper (Hong Kong) Co., Ltd.	Sale and print of paper merchandise	100.0	100.0	100.0	
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	-	100.0	100.0	8)
	YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	94.0	94.0	94.0	7)
	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	100.0	100.0	100.0	
	YFY Biopulp Technology Limited	Investment and holding	60.0	60.0	60.0	
	YFY Firstpak Packaging (Yangzhou) Co., Ltd.	Manufacture and sale of product packaging; design, manufacture and sale of packaging equipment and molding equipment	-	70.0	70.0	13)
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	64.6	64.6	64.6	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	93.8	93.8	93.8	
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	90.0	90.0	90.0	
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	35.4	35.4	35.4	
YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	10.0	10.0	-	10)
	Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	-	-	100.0	8)
	YFY International Labuan Co., Ltd.	Investment and holding	100.0	100.0	100.0	
	YFY Mauritius Corp.	Investment and holding	48.8	48.8	48.8	
	YFY Packaging Capital Corp.	Investment and holding	100.0	100.0	100.0	
	Winsong Packaging Investment Company Limited	Investment and holding	70.0	70.0	70.0	3)
	Willpower Industries Ltd.	Sale of various paper product	55.2	55.2	55.2	5)
	YFY Packaging (Ha Nam) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	4)
	YFY Packaging Thai Binh Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	-	-	12)
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	5)
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	5)
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Manufacture and sale of cardboard	100.0	100.0	100.0	5)
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.0	100.0	100.0	5)
	YFY Jupiter (BVI) Inc.	Investment and holding	35.0	35.0	35.0	
YFY Jupiter (BVI) Inc.	YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper	100.0	100.0	100.0	
	Mobius105 Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	Jupiter Prestige Group Holdings Limited	Investment and holding	57.0	57.0	57.0	
	YFY Jupiter US, Inc.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	99.0	99.0	99.0	
	YFY Jupiter Indonesia, PT PMA	Design of packaging	1.0	1.0	-	6)
	Innovativ Packaging Worldwide, LLC	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Mexico, S. de R.L. Spectiv Brands, LLC	Design of packaging and sale of paper	1.0	1.0	1.0	
	Spectiv Brands, LLC	General trade	100.0	100.0	100.0	
	YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	1.0	1.0	1.0	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper	99.0	99.0	99.0	
	YFY Jupiter Indonesia, PT PMA	Design of packaging	99.0	99.0	-	6)
YFY Jupiter (Shenzhen) Ltd.	Jupiter Vietnam Company Limited	Design of packaging	100.0	100.0	-	9)
	Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	100.0	100.0	100.0	
	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	100.0	100.0	100.0	
	Jupiter Prestige Group Europe Limited	Graphic design	100.0	100.0	100.0	
	Jupiter Prestige Group Australia Pty Ltd.	Graphic design	100.0	100.0	100.0	
	Opal BPM Limited	Design of process system and assistance of graphic design	82.5	82.5	82.5	
	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2019	December 31, 2018	June 30, 2018	
Jupiter Prestige Group North America Inc.	Clemtel LLC	Brand design	60.0	60.0	60.0	3)
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Graphic design	100.0	100.0	100.0	
Opal BPM Limited	Opal BPM India Private Limited	Workflow system coding	100.0	100.0	100.0	
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Opal BPM Consulting Limited	Consulting services of workflow system coding	100.0	100.0	100.0	
YFY Paper Enterprise (Xiamen) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	50.0	50.0	50.0	
Kunshan YFY Advertising and Printing Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	50.0	50.0	50.0	
YFY Packaging Inc.	Shanghai YFY Advertising and Printing Co., Ltd.	Printing service of publications	51.0	51.0	51.0	
YFY Packaging (BVI) Corp.	YFY Packaging (BVI) Corp.	Investment and holding	100.0	100.0	100.0	
YFY Global Investment BVI Corp.	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	66.8	66.8	66.8	
	YFY Mauritius Corp.	Investment and holding	51.2	51.2	51.2	
	YFY RFID Co. Limited	Investment and holding	100.0	100.0	100.0	
	YFY Jupiter (BVI) Inc.	Investment and holding	43.4	42.8	42.8	
	YFY RFID Technologies Co., Ltd.	Investment and holding	100.0	100.0	100.0	
YFY RFID Co. Limited	Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.)	Sale and design RFID (radio frequency identification) products	86.5	86.5	95.0	11)
Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.)	Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design RFID (radio frequency identification) products	100.0	100.0	100.0	
YFY RFID Technologies Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Product distribution and R&D services	100.0	100.0	100.0	
	Yeon Technologies Co., Ltd.	Sale and design of RFID (radio frequency identification) products	100.0	100.0	100.0	
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Investment and holding	100.0	100.0	100.0	
	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	Sale of paper	50.0	50.0	50.0	
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
YFY Capital Co., Ltd.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.1	0.1	0.1	
YFY Venture Capital Investment Co., Ltd.	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	1.0	1.0	1.0	
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	Investment and holding	100.0	100.0	100.0	
YFY Capital Holdings Corp.	YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	100.0	100.0	100.0	
YFY Paradigm Investment Co., Ltd.	Union Paper Co., Ltd.	Manufacture and sale of paper	4.1	4.1	4.1	2)
	YFY Biotech Management Company	Consulting	100.0	100.0	100.0	
	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.7	0.7	0.7	
	Yuen Foong Shop Co., Ltd.	Sale of paper	50.0	50.0	50.0	
	Livebricks Inc.	Information processing services	100.0	100.0	100.0	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	100.0	100.0	100.0	
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	
Lotus Ecosciings & Engineering Co., Ltd.	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	0.07	0.07	0.07	
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	0.03	0.03	0.03	
	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.01	0.01	0.01	
San Ying Enterprise Co., Ltd.	Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	66.4	66.4	66.4	
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Investment and holding	100.0	100.0	100.0	
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	49.0	49.0	49.0	
	Hwa Fong Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0	
CHP International (BVI) Corporation	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	60.0	60.0	60.0	
	Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	20.2	20.2	20.2	
Hwa Fong Investment Co., Ltd.	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	100.0	-	-	8)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	1.0	1.0	1.0	
	Genovella Renewables Inc. (originally named as Kuang Hwa Fertilizer Limited Company)	To produce fertilizer	100.0	100.0	100.0	
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	66.3	66.3	66.3	
	Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	100.0	100.0	-	8)

(Concluded)

## Remarks:

- 1) Except for the reviewed financial statements for the six months ended June 30, 2019 and 2018 of YFY International BVI Corp., YFY Cayman Co., Ltd., YFY Mauritius Corp., Chung Hwa Pulp Corporation, Yuen Foong Yu Consumer Products Co., Ltd., YFY Packaging Inc., China Color Printing Co., Ltd., YFY Capital Co., Ltd., Shin Foong Specialty and Applied Materials Co., Ltd., YFY Paradigm Investment Co., Ltd., YFY Venture Capital Investment Co., Ltd. and YFY Packaging Capital Corp., and the investees mentioned in Table 9, the financial statements of the remaining insignificant subsidiaries were not reviewed by the auditors.
- 2) China Color Printing Co., Ltd. and Union Paper Co., Ltd. were deemed subsidiaries because the Group had substantial control over them even though the Group held less than 50% equity interest in each of the subsidiaries' voting shares; the Group disposed of its partial ownership of Shin Foong Specialty and Applied Materials Co., Ltd. and equity changes such as employee share options, which reduced its shareholding ratio to 49.5%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

- 3) Clemtel LLC and Winsong Packaging Investment Company Limited was established in January 2018 and has been included in the consolidated financial statements since then.
- 4) YFY Packaging (Ha Nam) Co., Ltd. was established in April 2018 and has been included in the consolidated financial statements since then.
- 5) YFY Cayman Co., Ltd. acquired 10.4% ownership of Willpower Industries Ltd. in June 2018, leading to an increase in ownership to 55.2% and a change in identity of the latter from associate to subsidiary, and Willpower Industries Ltd. and its subsidiaries have been included in the consolidated financial statements since then.
- 6) YFY Jupiter Indonesia, PT PMA was established in July 2018 and has been included in the consolidated financial statements since then.
- 7) According to the resolution of the Company's board of the directors, YFY Paper Mfg. (Jiangyin) Co., Ltd. signed the land reserve agreement with Jiangyin Land Reserve Center and Jiangyin City People's Government Chengjiang Sub-district Office, with an expected amount of RMB369,829 thousand. As of June 30, 2019, the land reserve project has not been completed.
- 8) To boost management performance, the Group carried out a restructuring of the organization, and sold all of the shares of Shenzhen Jinglun Paper Co., Ltd. owned by Hwa Fong Paper (Hong Kong) Co., Ltd. to Guangdong Dingfung Pulp & Paper Co., Ltd. in October 2018 and sold all of the shares of Syntax Communication (H.K.) Limited owned by YFY International BVI Corp. to CHP International (BVI) Corporation in January 2019.
- 9) Jupiter Vietnam Company Limited was established in October 2018 and has been included in the consolidated financial statements since then.
- 10) YFY Paper Enterprise (Kunshan) Co., Ltd. acquired 10% of the shares of YFY Paper Enterprise (Nanjing) Co., Ltd. in December 2018, and the shareholding ratio increased to 100%.
- 11) In December 2018, the Company's board of the directors passed the application of the Arizon RFID Technologies (Yangzhou) Co., Ltd. on the stock exchange in mainland China, and the shareholders' temporary meeting passed the resolution in February 2019. In addition, the Arizon RFID Technologies (Yangzhou) Co., Ltd. introduced the share of external investors in December 2018, and the shareholding ratio decreased to 86.5%. The change of the name to Arizon RFID Technology Co., Ltd. was resolved in the shareholder's meeting in April 2019.
- 12) Sustainable Carbohydrate Innovation Co., Ltd. and YFY Packaging Thai Binh Co., Ltd. was established in January and March 2019 and has been included in the consolidated financial statements since then.
- 13) YFY Firstpak Packaging (Yangzhou) Co., Ltd. entered the bankruptcy procedure in May 2019. Due to the Group losses control of it, it has not been included in the consolidated financial statements since June 2019.

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

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2019	December 31, 2018	June 30, 2018
Chung Hwa Pulp Corporation	42.26%	42.26%	42.26%

To boost management performance, the Group carried out a restructuring of the organization, and sold all of the shares of Shenzhen Jinglun Paper Co., Ltd. owned, by Hwa Fong Paper (Hong Kong) Co., Ltd., to Guangdong Dingfung Pulp & Paper Co., Ltd. in the fourth quarter of 2018 and sold all of the shares of Syntax Communication (H.K.) Limited, owned by YFY International BVI Corp., to CHP International (BVI) Corporation in the first quarter of 2019. Due to the business combination under common control, the Chung Hwa Pulp Corporation and subsidiaries re-edited the financial information for the six months ended June 30, 2018 and for the year ended December 31, 2018. The following summary financial information was prepared based on the amount before the inter-company transaction sales:

Chung Hwa Pulp Corporation and subsidiaries

	<b>June 30, 2019</b>	<b>December 31, 2018 (Re-edited)</b>	<b>June 30, 2018 (Re-edited)</b>
Current assets	\$ 13,963,932	\$ 13,777,988	\$ 14,283,855
Non-current assets	17,849,061	17,599,584	17,365,272
Current liabilities	(10,200,779)	(9,173,037)	(10,571,736)
Non-current liabilities	<u>(3,458,158)</u>	<u>(4,140,427)</u>	<u>(2,977,887)</u>
Equity	18,154,056	18,064,108	18,099,504
Consolidated adjustments	<u>94,109</u>	<u>94,109</u>	<u>94,109</u>
Adjusted equity	<u>\$ 18,248,165</u>	<u>\$ 18,158,217</u>	<u>\$ 18,193,613</u>
Equity attributable to:			
Owners of Chung Hwa Pulp Corporation	\$ 9,107,798	\$ 9,074,093	\$ 9,036,163
Non-controlling interests of Chung Hwa Pulp Corporation	6,666,395	6,641,726	6,613,963
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	2,473,972	2,428,958	2,478,786
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>13,440</u>	<u>64,701</u>
	<u>\$ 18,248,165</u>	<u>\$ 18,158,217</u>	<u>\$ 18,193,613</u>

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018 (Re-edited)</b>	<b>2019</b>	<b>2018 (Re-edited)</b>
Operating revenue	<u>\$ 5,359,818</u>	<u>\$ 6,260,080</u>	<u>\$ 10,742,466</u>	<u>\$ 12,029,516</u>
Profit for the period	\$ (5,322)	\$ 160,443	\$ 103,424	\$ 242,960
Other comprehensive income (loss) for the period	<u>105,279</u>	<u>51,772</u>	<u>387,451</u>	<u>229,380</u>
Total comprehensive income (loss) for the period	<u>\$ 99,957</u>	<u>\$ 212,215</u>	<u>\$ 490,875</u>	<u>\$ 472,340</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018 (Re-edited)	2019	2018 (Re-edited)
Profit attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ (1,904)	\$ 75,626	\$ 46,962	\$ 101,650
Non-controlling interests of Chung Hwa Pulp Corporation	(1,394)	55,354	34,374	74,402
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	(2,024)	15,816	22,088	46,700
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>13,647</u>	<u>-</u>	<u>20,208</u>
	<u>\$ (5,322)</u>	<u>\$ 160,443</u>	<u>\$ 103,424</u>	<u>\$ 242,960</u>
Total comprehensive income (loss) attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ 77,488	\$ 114,821	\$ 257,434	\$ 219,275
Non-controlling interests of Chung Hwa Pulp Corporation	56,851	84,044	188,427	160,498
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	(34,382)	2,109	45,014	72,275
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>11,241</u>	<u>-</u>	<u>20,292</u>
	<u>\$ 99,957</u>	<u>\$ 212,215</u>	<u>\$ 490,875</u>	<u>\$ 472,340</u>
				(Concluded)
			For the Six Months Ended June 30	
			2019	2018 (Re-edited)
Net cash inflow (outflow) from:				
Operating activities			\$ 741,707	\$ 176,344
Investing activities			(950,488)	(1,026,857)
Financing activities			427,798	542,272
Effects of exchange rate changes			<u>3,533</u>	<u>8,657</u>
Net cash inflow (outflow)			<u>\$ 222,550</u>	<u>\$ (299,584)</u>
Dividends paid to non-controlling interests			<u>\$ 163,126</u>	<u>\$ 233,037</u>

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2019	December 31, 2018	June 30, 2018
Material associates			
E Ink Holdings Inc.	\$ 4,818,487	\$ 4,816,889	\$ 4,610,297
Associates that are not individually material	<u>636,927</u>	<u>964,673</u>	<u>1,085,116</u>
	<u>\$ 5,455,414</u>	<u>\$ 5,781,562</u>	<u>\$ 5,695,413</u>

Refer to Table 8 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

### a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2019	December 31, 2018	June 30, 2018
E Ink Holdings Inc.	16.3%	16.3%	16.4%

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

In 2013, the Group increased its investment in E Ink Holdings Inc. by buying 40,000 thousand shares of the investee’s privately placed ordinary shares for \$658,000 thousand. Under the related regulations, privately placed ordinary shares should not be transferred within three years from the date of acquisition. E Ink Holdings Inc. has not yet completed publishing procedures as of August 13, 2018, the report date. The other rights and obligations are the same as those of the ordinary shares.

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
	<u>\$ 4,817,551</u>	<u>\$ 4,361,837</u>	<u>\$ 4,904,354</u>

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Current assets	\$ 20,600,008	\$ 18,870,925	\$ 18,521,667
Non-current assets	20,652,161	18,043,183	18,694,185
Current liabilities	(9,344,994)	(6,569,117)	(9,048,218)
Non-current liabilities	<u>(3,435,181)</u>	<u>(2,030,547)</u>	<u>(1,308,953)</u>
Equity	28,471,994	28,314,444	26,858,681
Non-controlling interests	<u>(430,600)</u>	<u>(385,799)</u>	<u>(355,952)</u>
	<u>\$ 28,041,394</u>	<u>\$ 27,928,645</u>	<u>\$ 26,502,729</u>
Proportion of the Group's ownership	16.3%	16.3%	16.4%
Equity attributable to the Group	\$ 4,565,027	\$ 4,563,429	\$ 4,356,837
Goodwill	<u>253,460</u>	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 4,818,487</u>	<u>\$ 4,816,889</u>	<u>\$ 4,610,297</u>

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Operating revenue	<u>\$ 3,555,010</u>	<u>\$ 3,611,856</u>	<u>\$ 6,509,782</u>	<u>\$ 6,509,490</u>
Net profit for the period	\$ 916,051	\$ 899,755	\$ 1,375,661	\$ 948,810
Other comprehensive income (loss)	<u>391,703</u>	<u>79,097</u>	<u>1,017,706</u>	<u>12,223</u>
Total comprehensive income (loss) for the period	<u>\$ 1,307,754</u>	<u>\$ 978,852</u>	<u>\$ 2,393,367</u>	<u>\$ 961,033</u>

b. Aggregate information of associates that are not individually material

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The Group's share of:				
Profit (loss) for the period	\$ (93,673)	\$ 2,604	\$ (89,130)	\$ 64,038
Other comprehensive income (loss)	<u>(8,180)</u>	<u>(53,872)</u>	<u>4,052</u>	<u>(26,410)</u>
Total comprehensive income (loss) for the period	<u>\$ (101,853)</u>	<u>\$ (51,268)</u>	<u>\$ (85,078)</u>	<u>\$ 37,628</u>

Investments in associates that are not individually material were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments, except for Taiwan Global BioFund Co., Ltd., were calculated based on financial statements which have not been reviewed.



## 16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 12,386,227	\$ 15,004,779	\$ 63,796,253	\$ 12,866,364	\$ 1,835,666	\$ 105,889,289
Additions	1,598	150,774	273,491	142,428	788,192	1,356,483
Disposals	-	(224,213)	(239,069)	(109,911)	-	(573,193)
Transfer from prepaid equipment	-	163	391,489	15,271	-	406,923
Transfer from construction	-	23,753	510,001	84,092	(617,846)	-
Outflow through business combinations	-	-	(32,067)	(1,123)	(91,610)	(124,800)
Effect of foreign currency exchange differences	-	78,245	251,420	47,389	21,782	398,836
Reclassification	-	-	-	-	(1,228)	(1,228)
Balance at June 30, 2019	<u>\$ 12,387,825</u>	<u>\$ 15,033,501</u>	<u>\$ 64,951,518</u>	<u>\$ 13,044,510</u>	<u>\$ 1,934,956</u>	<u>\$ 107,352,310</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 2,597	\$ 6,782,131	\$ 41,101,708	\$ 9,055,841	\$ -	\$ 56,942,277
Depreciation expense	-	243,031	1,309,656	386,091	-	1,938,778
Disposals	-	(156,050)	(209,845)	(104,494)	-	(470,389)
Outflow through business combinations	-	-	(10,671)	(751)	-	(11,422)
Effect of foreign currency exchange differences	-	24,739	108,271	23,980	-	156,990
Balance at June 30, 2019	<u>\$ 2,597</u>	<u>\$ 6,893,851</u>	<u>\$ 42,299,119</u>	<u>\$ 9,360,667</u>	<u>\$ -</u>	<u>\$ 58,556,234</u>
Carrying amounts at June 30, 2019	<u>\$ 12,385,228</u>	<u>\$ 8,139,650</u>	<u>\$ 22,652,399</u>	<u>\$ 3,683,843</u>	<u>\$ 1,934,956</u>	<u>\$ 48,796,076</u>
<u>Cost</u>						
Balance at January 1, 2018	\$ 12,382,815	\$ 13,588,138	\$ 58,961,998	\$ 11,964,409	\$ 4,700,096	\$ 101,597,456
Additions	-	165,665	621,278	195,029	649,151	1,631,123
Disposals	-	(3,149)	(189,057)	(91,868)	-	(284,074)
Transfer from prepaid equipment	-	354	92,457	230,582	-	323,393
Transfer from construction	-	765,923	3,262,937	356,120	(4,384,980)	-
Acquisitions through business combinations	-	527,106	1,440,053	214,775	-	2,181,934
Effect of foreign currency exchange differences	-	90,345	291,004	52,094	2,504	435,947
Balance at June 30, 2018	<u>\$ 12,382,815</u>	<u>\$ 15,134,382</u>	<u>\$ 64,480,670</u>	<u>\$ 12,921,141</u>	<u>\$ 966,771</u>	<u>\$ 105,885,779</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ 2,597	\$ 6,249,378	\$ 38,867,385	\$ 8,483,442	\$ -	\$ 53,602,802
Depreciation expense	-	240,146	1,286,564	375,336	-	1,902,046
Disposals	-	(3,149)	(111,246)	(88,684)	-	(203,079)
Acquisitions through business combinations	-	119,513	759,603	105,051	-	984,167
Effect of foreign currency exchange differences	-	25,152	124,343	29,235	-	178,730
Balance at June 30, 2018	<u>\$ 2,597</u>	<u>\$ 6,631,040</u>	<u>\$ 40,926,649</u>	<u>\$ 8,904,380</u>	<u>\$ -</u>	<u>\$ 56,464,666</u>
Carrying amounts at June 30, 2018	<u>\$ 12,380,218</u>	<u>\$ 8,503,342</u>	<u>\$ 23,554,021</u>	<u>\$ 4,016,761</u>	<u>\$ 966,771</u>	<u>\$ 49,421,113</u>

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

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

The non-cash investing activities of the Group for the six months ended June 30, 2019 and 2018 are as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Acquisition of property, plant and equipment	\$ 1,356,483	\$ 1,631,123
Changes in prepaid equipment	419,236	252,996
Changes in payment of payables on equipment (accounted for as other payables, others)	<u>175,062</u>	<u>(179,674)</u>
	<u><b>\$ 1,950,781</b></u>	<u><b>\$ 1,704,445</b></u>

For the amounts of collateral pledged for bank borrowings, refer to Note 30.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets - 2019

	<b>June 30, 2019</b>	
Carrying amounts		
Land		\$ 1,506,968
Buildings		409,351
Others		<u>97,380</u>
		<u><b>\$ 2,013,699</b></u>
Additions to right-of-use assets		<u><b>\$ 186,673</b></u>
	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Depreciation charge for right-of-use assets	\$ 13,169	\$ 22,886
Land	24,302	52,673
Buildings	<u>14,965</u>	<u>27,840</u>
Others	<u><b>\$ 52,436</b></u>	<u><b>\$ 103,399</b></u>

### b. Lease liabilities - 2019

	<b>June 30, 2019</b>
Carrying amounts	
Current	<u>\$ 129,618</u>
Non-current	<u><b>\$ 384,181</b></u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2019</b>
Land	1.21%-1.68%
Buildings	1.06%-11.70%
Others	1.06%-6.00%

c. Other lease information

	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 62,172</u>	<u>\$ 131,542</u>
Total cash outflow for leases	<u>\$ 104,467</u>	<u>\$ 348,348</u>

## 18. INVESTMENT PROPERTIES

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2019	\$ 2,960,820
Disposals	(2,391)
Effect of foreign currency exchange differences	<u>824</u>
Balance at June 30, 2019	<u>\$ 2,959,253</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2019	\$ 201,664
Depreciation expense	3,628
Disposals	(2,391)
Effect of foreign currency exchange differences	<u>188</u>
Balance at June 30, 2019	<u>\$ 203,089</u>
Carrying amounts at June 30, 2019	<u>\$ 2,756,164</u>
<u>Cost</u>	
Balance at January 1, 2018	\$ 2,888,485
Additions	8
Disposals	<u>(13,494)</u>
Balance at June 30, 2018	<u>\$ 2,874,999</u>

(Continued)

	<b>Amount</b>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2018	\$ 176,778
Depreciation expense	1,884
Disposals	<u>(38)</u>
Balance at June 30, 2018	<u>\$ 178,624</u>
Carrying amounts at June 30, 2018	<u>\$ 2,696,375</u> (Concluded)

The fair values of the investment properties owned by the Group were \$7,035,361 thousand, \$7,055,951 thousand and \$6,972,615 thousand as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively. The valuations were made by the Group using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$5,101 thousand, \$12,853 thousand, \$25,155 thousand and \$25,359 thousand for the three and six months ended June 30, 2019 and 2018, respectively.

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

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

## 19. BORROWINGS

### a. Current borrowings

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Bank credit loans	\$ 15,433,987	\$ 10,958,012	\$ 14,388,413
Bank secured loans	<u>511,034</u>	<u>519,175</u>	<u>566,388</u>
	<u>\$ 15,945,021</u>	<u>\$ 11,477,187</u>	<u>\$ 14,954,801</u>

Current borrowings include bank credit and bank secured loans. As of June 30, 2019, December 31, 2018 and June 30, 2018, the interest rate intervals of bank credit loans were 0.78%-5.66% per annum, 0.91%-5.74% per annum and 0.91%-5.8% per annum, respectively. As of June 30, 2019, December 31, 2018 and June 30, 2018, the interest rate intervals of bank secured loans were 3.55%-3.75%, 3.95%-5.8% and 3.49%-4.6%, respectively.

### b. Short-term bills payable

Short-term bills payable are commercial paper due within one year. Interest rate intervals on these bills payable were 0.97%-1.11% per annum, 0.94%-1.19% per annum and 0.91%-1.19% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

c. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Syndicated loans	\$ 23,476,698	\$ 28,430,194	\$ 24,924,208
Long-term bank credit loans	3,562,000	4,684,000	5,135,000
Long-term bank secured loans	<u>806,887</u>	<u>620,641</u>	<u>450,000</u>
	27,845,585	33,734,835	30,509,208
Less: Current portion	<u>(860,000)</u>	<u>(120,000)</u>	<u>(310,000)</u>
	<u>\$ 26,985,585</u>	<u>\$ 33,614,835</u>	<u>\$ 30,199,208</u>

Long-term bank loans include credit, secured and syndicated loans. Credit and secured loans expire in December 2023 and have interest rate intervals of 0.98%-6.38% per annum, 0.95%-6.38% per annum and 0.95%-1.86% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively; syndicated loans expire in January 2024, pay the interest by month and have interest rate intervals of 1.79%-1.80% per annum, 1.79%-4.2% per annum and 1.79%-3.82% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

## 20. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$19,579 thousand and, \$21,855 thousand, \$40,984 thousand and \$43,886 thousand for the three and six months ended June 30, 2019 and 2018, respectively, and were calculated using the respective actuarially determined annual pension cost discount rates as of December 31, 2018 and 2017.

## 21. EQUITY

a. Ordinary shares

	June 30, 2019	December 31, 2018	June 30, 2018
Numbers of shares authorized (in thousands)	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Shares authorized	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,660,372</u>	<u>1,660,372</u>	<u>1,660,372</u>
Shares issued	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>

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

b. Capital surplus

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

in associates - may be used in compliance with related regulations if the capital surplus source is either of the foregoing two sources.

c. Retained earnings and dividend policy

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

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

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

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. For any subsequent reversal in the deduction amount in other shareholders' equity, the appropriate amount of distributed earnings should be reversed from the net debit balance.

The appropriations of earnings for 2018 and 2017 which have been approved in the shareholders' meetings in June 25, 2019 and June 21, 2018, respectively, are as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>For the Year Ended December 31</b>		<b>(NT\$)</b>	
	<b>2018</b>	<b>2017</b>	<b>For the Year Ended December 31</b>	<b>2018</b>
			<b>2018</b>	<b>2017</b>
Legal reserve	\$ 144,000	\$ 160,651		
Cash dividends	996,223	996,223	\$ 0.6	\$ 0.6

d. Special reserves

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2019</b>	<b>2018</b>
Beginning at January 1	\$ 4,028,584	\$ 4,030,039
Reversal:		
Disposal of property, plant and equipment	(1)	(1,455)
Balance at June 30	<u>\$ 4,028,583</u>	<u>\$ 4,028,584</u>

e. Other equity items

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Total
<u>2019</u>						
Balance at January 1	\$ (40,365)	\$ -	\$ 3,674,848	\$ -	\$ (7,010)	\$ 3,627,473
Exchange differences on translating foreign operations	349,270	-	-	-	-	349,270
Unrealized gain on financial assets at FVTOCI	-	-	3,115,807	-	-	3,115,807
Loss on hedging instruments	-	-	-	-	(434)	(434)
Share of associates accounted for using the equity method	(2,797)	-	167,865	-	-	165,068
Changes of associates accounted for using the equity method	-	-	(555)	-	-	(555)
Changes in subsidiaries	-	-	(58)	-	-	(58)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	-	(175,789)	-	-	(175,789)
Balance at June 30	<u>\$ 306,108</u>	<u>\$ -</u>	<u>\$ 6,782,118</u>	<u>\$ -</u>	<u>\$ (7,444)</u>	<u>\$ 7,080,782</u>
<u>2018</u>						
Balance at January 1	\$ (263,411)	\$ 1,964,407	\$ -	\$ (14,871)	\$ -	\$ 1,686,125
Effect of retroactive application	-	(1,964,407)	3,545,472	14,871	(14,871)	1,581,065
Balance at January 1, 2018 as restated	(263,411)	-	3,545,472	-	(14,871)	3,267,190
Exchange differences on translating foreign operations	560,112	-	-	-	-	560,112
Unrealized gain on financial assets at FVTOCI	-	-	1,076,081	-	-	1,076,081
Gain on hedging instruments	-	-	-	-	10,003	10,003
Share of associates accounted for using the equity method	14,453	-	(20,897)	-	-	(6,444)
Balance at June 30	<u>\$ 311,154</u>	<u>\$ -</u>	<u>\$ 4,600,656</u>	<u>\$ -</u>	<u>\$ (4,868)</u>	<u>\$ 4,906,942</u>

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 11,470,524	\$ 10,295,146
Effects of retrospective application	-	43,400
Balance at January 1, 2018 as restated	11,470,524	10,338,546
Share of profit for the period	205,088	212,325
Other comprehensive income (loss) for the period:		
Effect of change in tax rate - remeasurement on defined benefit plan	-	3,882
Exchange differences on translating foreign operations	32,659	28,193
Unrealized gain on financial assets at FVTOCI	158,980	62,872
Gain (loss) on hedge instruments	(503)	1,290
Share of other comprehensive income (loss) of associates accounted for using the equity method	8,782	190
Cash dividends	(371,413)	(443,355)
Adjustments relating to changes in equity of associates accounted for using the equity method	(265)	(2,842)
Adjustments for the changes in equity of subsidiaries	2,295	11,959
Disposal or acquisition of subsidiaries	14,524	134,396
Increase in non-controlling interests due to the acquisition of subsidiaries	-	738,013
Balance at June 30	<u>\$ 11,520,671</u>	<u>\$ 11,085,469</u>

## 22. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Revenue from contracts with customers - revenue from the sale of goods	\$ 16,196,718	\$ 16,729,470	\$ 31,447,196	\$ 32,558,170
Other operating revenue	<u>2,762,020</u>	<u>2,306,371</u>	<u>4,877,826</u>	<u>4,297,163</u>
	<u>\$ 18,958,738</u>	<u>\$ 19,035,841</u>	<u>\$ 36,325,022</u>	<u>\$ 36,855,333</u>

### Contract Balances

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable, net	<u>\$ 2,945,695</u>	<u>\$ 3,700,326</u>	<u>\$ 3,562,347</u>
Accounts receivable, net	<u>\$ 11,697,030</u>	<u>\$ 11,676,010</u>	<u>\$ 11,913,869</u>
Accounts receivable due from related parties, net	<u>\$ 458,618</u>	<u>\$ 91,176</u>	<u>\$ 66,122</u>
Contract liabilities - sale of goods	<u>\$ 505,481</u>	<u>\$ 481,727</u>	<u>\$ 475,285</u>

## 23. NET PROFIT

### a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank loans	\$ 228,496	\$ 251,299	\$ 482,626	\$ 504,564
Interest on lease liabilities	3,654	-	7,186	-
Less: Capitalization amount of interest	<u>(3,804)</u>	<u>(221)</u>	<u>(4,300)</u>	<u>(5,640)</u>
	<u>\$ 228,346</u>	<u>\$ 251,078</u>	<u>\$ 485,512</u>	<u>\$ 498,924</u>

Information about capitalized interest is as follows:

	For the Six Months Ended June 30	
	2019	2018
Capitalization rate	0.99%-3.60%	1.09%-1.62%



b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 958,336	\$ 975,095	\$ 1,938,778	\$ 1,902,046
Investment properties	1,813	943	3,628	1,884
Right-of-use assets	52,436	-	103,399	-
Other non-current assets	<u>27,892</u>	<u>40,321</u>	<u>60,683</u>	<u>79,145</u>
	<u>\$ 1,040,477</u>	<u>\$ 1,016,359</u>	<u>\$ 2,106,488</u>	<u>\$ 1,983,075</u>
An analysis of depreciation by function				
Operating costs	\$ 908,326	\$ 911,468	\$ 1,816,219	\$ 1,776,675
Operating expenses	<u>104,259</u>	<u>64,570</u>	<u>229,586</u>	<u>127,255</u>
	<u>\$ 1,012,585</u>	<u>\$ 976,038</u>	<u>\$ 2,045,805</u>	<u>\$ 1,903,930</u>
An analysis of amortization by function				
Operating costs	\$ 5,698	\$ 11,306	\$ 16,627	\$ 22,345
Operating expenses	<u>22,194</u>	<u>29,015</u>	<u>44,056</u>	<u>56,800</u>
	<u>\$ 27,892</u>	<u>\$ 40,321</u>	<u>\$ 60,683</u>	<u>\$ 79,145</u>

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	\$ 43,191	\$ 43,887	\$ 87,905	\$ 88,009
Defined benefit plans	<u>19,579</u>	<u>21,855</u>	<u>40,984</u>	<u>43,886</u>
	62,770	65,742	128,889	131,895
Other employee benefits	<u>2,087,948</u>	<u>1,876,232</u>	<u>3,932,247</u>	<u>3,746,327</u>
Total employee benefits expense	<u>\$ 2,150,718</u>	<u>\$ 1,941,974</u>	<u>\$ 4,061,136</u>	<u>\$ 3,878,222</u>
An analysis of amortization by function				
Operating costs	\$ 1,340,956	\$ 1,116,596	\$ 2,435,265	\$ 2,211,614
Operating expenses	<u>809,762</u>	<u>825,378</u>	<u>1,625,871</u>	<u>1,666,608</u>
	<u>\$ 2,150,718</u>	<u>\$ 1,941,974</u>	<u>\$ 4,061,136</u>	<u>\$ 3,878,222</u>

d. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three and six months ended June 30, 2019 and 2018 are as follows:

Accrual rate

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	0.12%	0.10%
Remuneration of directors	0.55%	0.60%

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 375	\$ 570	\$ 750	\$ 600
Remuneration of directors	\$ 1,750	\$ 1,750	\$ 3,500	\$ 3,500

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

The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017 which have been approved by the Company's board of the directors on March 22, 2019 and 2018, respectively, are as follows:

Amount

	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 1,467	\$ 1,758
Remuneration of directors	7,000	7,000

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 24. INCOME TAXES

### a. Income tax expense recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 312,693	\$ 311,029	\$ 416,560	\$ 512,278
Land value increment tax	-	-	1,520	-
Deferred tax				
In respect of the current period	(4,094)	24,140	22,485	8,137
Effect of tax rate changes	<u>-</u>	<u>(25,055)</u>	<u>-</u>	<u>(36,234)</u>
Income tax expense recognized in profit or loss	<u>\$ 308,599</u>	<u>\$ 310,114</u>	<u>\$ 440,565</u>	<u>\$ 484,181</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20%. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Company could not estimate the effect on the current income tax.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Deferred tax</u>				
Effect of tax rate changes				
Remeasurement on defined benefit plan	\$ -	\$ 6,484	\$ -	\$ 24,297
Share of the other comprehensive income (loss) of associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>331</u>
	<u>\$ -</u>	<u>\$ 6,484</u>	<u>\$ -</u>	<u>\$ 24,628</u>

c. Income tax assessments

	<u><b>Final Approval Year</b></u>
The Company	2013
Yuen Foong Yu Consumer Products Co., Ltd.	2013
Chung Hwa Pulp Corporation	2017
Hwa Fong Investments Co., Ltd.	2017
Effion Enertech Co., Ltd.	2017
Shin Foong Specialty and Applied Materials Co., Ltd.	2017
China Color Printing Co., Ltd.	2017
YFY Capital Co., Ltd.	2017
YFY Venture Capital Investment Co., Ltd.	2017
YFY Paradigm Investment Co., Ltd.	2017
Lotus Ecoscings & Engineering Co., Ltd.	2017
Yuen Yan Paper Container Co., Ltd.	2017
San Ying Enterprise Co., Ltd.	2017
Fidelis IT Solutions Co., Ltd.	2017
Ever Growing Agriculture Biotech Co., Ltd.	2017
YFY Biotech Management Company	2017
Genovella Renewables Inc. (originally named as Kuang Hwa Fertilizer Limited Company)	2017
YFY Holding Management Co., Ltd.	2017
Livebricks Inc.	2017
Yuen Foong Shop Co., Ltd.	2017
YFY Packaging Inc.	2017
Union Investment Co., Ltd.	2016
Pek Crown Paper Co., Ltd.	2017
Yeon Technologies Co., Ltd.	2016
Sustainable Carbohydrate Innovation Co., Ltd. (Note)	-

Note: Sustainable Carbohydrate Innovation Co., Ltd. was established in January 2019 and has been included in the consolidated financial statements since then.

## 25. EARNINGS PER SHARE

	<u><b>For the Three Months Ended June 30</b></u>		<u><b>For the Six Months Ended June 30</b></u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Basic earnings per share (NT\$)	<u>\$ 0.33</u>	<u>\$ 0.26</u>	<u>\$ 0.40</u>	<u>\$ 0.33</u>
Diluted earnings per share (NT\$)	<u>\$ 0.33</u>	<u>\$ 0.26</u>	<u>\$ 0.40</u>	<u>\$ 0.33</u>

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

## Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company	<u>\$ 539,030</u>	<u>\$ 436,870</u>	<u>\$ 660,330</u>	<u>\$ 547,128</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 539,030</u>	<u>\$ 436,870</u>	<u>\$ 660,330</u>	<u>\$ 547,128</u>

## Number of Share (In Thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,660,372	1,660,372	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>63</u>	<u>50</u>	<u>118</u>	<u>108</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,435</u>	<u>1,660,422</u>	<u>1,660,490</u>	<u>1,660,480</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

The Group acquired 10.4% ownership of Willpower Industries Ltd. in June 2018 and ownership increased from 44.8% to 55.2%, leading to the Group having actual control over them as they became a subsidiary of the Group and has been included in the consolidated financial statements since then. The Group acquired Willpower Industries Ltd. in order to continue the expansion of the Group's operations.

### b. Consideration transferred

	<b>Willpower Industries Ltd. and Its Subsidiaries</b>
Cash	<u>\$ 162,928</u>

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

	<b>Willpower Industries Ltd. and Its Subsidiaries</b>
Current assets	
Cash and cash equivalents	\$ 239,969
Accounts receivable	1,243,660
Inventories	494,048
Prepayments	177,565
Non-current assets	
Property, plant and equipment	1,197,767
Investments accounted for using the equity method	134,612
Other non-current assets	264,632
Current liabilities	
Short-term borrowings	(1,088,934)
Accounts payable	(988,570)
Other current liabilities	<u>(28,820)</u>
	<u><u>\$ 1,645,929</u></u>

d. Non-controlling interests

The non-controlling interest (44.8% ownership) in Willpower Industries Ltd. was measured by reference to the fair value of the assets and liabilities acquired at the acquisition date.

e. Gain on bargain purchases from the acquisition of subsidiaries

	<b>Willpower Industries Ltd. and Its Subsidiaries</b>
Consideration transferred	\$ 162,928
Plus: Non-controlling interests	738,013
Less: Fair value of identifiable net assets acquired	<u>(907,916)</u>
Gain on bargain purchases	<u><u>\$ (6,975)</u></u>

f. Net cash inflow on the acquisition of subsidiaries

	<b>Willpower Industries Ltd. and Its Subsidiaries</b>
Consideration paid in cash	\$ (162,928)
Less: Cash and cash equivalent balances acquired	<u>239,969</u>
	<u><u>\$ 77,041</u></u>

g. Impact of acquisitions on the Group's results

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations for the three and six months ended June 30, 2018 would have been \$19,778,816 thousand and \$38,588,784 thousand, respectively, and the profit from continuing operations for the three and six months ended June 30, 2018 would have been \$594,760 thousand and \$784,677 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2018, nor is it intended to be a projection of future results.

## 27. CAPITAL MANAGEMENT

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

## 28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Hybrid financial assets	\$ -	\$ 1,273,328	\$ -	\$ 1,273,328
Non-derivative financial assets	237,649	410,191	-	647,840
Derivative financial assets	-	95,308	-	95,308
	<u>\$ 237,649</u>	<u>\$ 1,778,827</u>	<u>\$ -</u>	<u>\$ 2,016,476</u>
Financial assets held for hedging (accounted for as other current assets, others)	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 27</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Listed shares	\$ 15,844,576	\$ -	\$ -	\$ 15,844,576
Unlisted shares	<u>-</u>	<u>-</u>	<u>3,898,323</u>	<u>3,898,323</u>
	<u>\$ 15,844,576</u>	<u>\$ -</u>	<u>\$ 3,898,323</u>	<u>\$ 19,742,899</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 46,275</u>	<u>\$ -</u>	<u>\$ 46,275</u>
Financial liabilities held for hedging (accounted for as other current liabilities, others)	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ -</u>	<u>\$ 390</u> (Concluded)

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Hybrid financial assets	\$ -	\$ 950,205	\$ -	\$ 950,205
Non-derivative financial assets	179,048	402,418	-	581,466
Derivative financial assets	<u>-</u>	<u>156,050</u>	<u>-</u>	<u>156,050</u>
	<u>\$ 179,048</u>	<u>\$ 1,508,673</u>	<u>\$ -</u>	<u>\$ 1,687,721</u>
Financial assets held for hedging (accounted for as other current assets, others)	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 101</u>
Financial assets at FVTOCI				
Listed shares	\$ 13,354,150	\$ -	\$ -	\$ 13,354,150
Unlisted shares	<u>-</u>	<u>-</u>	<u>3,390,158</u>	<u>3,390,158</u>
	<u>\$ 13,354,150</u>	<u>\$ -</u>	<u>\$ 3,390,158</u>	<u>\$ 16,744,308</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 135,316</u>	<u>\$ -</u>	<u>\$ 135,316</u>
Financial liabilities held for hedging (accounted for as other current liabilities, others)	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 251</u>



June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Hybrid financial assets	\$ -	\$ 345,685	\$ -	\$ 345,685
Non-derivative financial assets	283,569	410,191	-	693,760
Derivative financial assets	<u>-</u>	<u>418,811</u>	<u>-</u>	<u>418,811</u>
	<u>\$ 283,569</u>	<u>\$ 1,174,687</u>	<u>\$ -</u>	<u>\$ 1,458,256</u>
Financial assets held for hedging (accounted for as other current assets, others)	<u>\$ -</u>	<u>\$ 912</u>	<u>\$ -</u>	<u>\$ 912</u>
Financial assets at FVTOCI				
Listed shares	\$ 14,453,313	\$ -	\$ -	\$ 14,453,313
Unlisted shares	<u>-</u>	<u>-</u>	<u>3,253,565</u>	<u>3,253,565</u>
	<u>\$ 14,453,313</u>	<u>\$ -</u>	<u>\$ 3,253,565</u>	<u>\$ 17,706,878</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 76,446</u>	<u>\$ -</u>	<u>\$ 76,446</u>
Financial liabilities held for hedging (accounted for as other current liabilities, others)	<u>\$ -</u>	<u>\$ 3,433</u>	<u>\$ -</u>	<u>\$ 3,433</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2019 and 2018.

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

For the six months ended June 30, 2019

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	\$ 3,390,158
Additions	2
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	738,146
Disposals	(167,486)
Return of capital upon investees' capital reduction	(66,769)
Effect of foreign currency exchange differences	<u>4,272</u>
Balance at June 30, 2019	<u>\$ 3,898,323</u>

For the six months ended June 30, 2018

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2018	\$ -
Effects of retrospective application	<u>3,171,938</u>
Balance at January 1, 2018 as restated	3,171,938
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	78,904
Disposals	(223)
Return of capital upon investees' capital reduction	(7,097)
Effect of foreign currency exchange differences	<u>10,043</u>
Balance at June 30, 2018	<u>\$ 3,253,565</u>

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

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

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

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

c. Categories of financial instruments

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<b><u>Financial assets</u></b>			
FVTPL			
Mandatorily at FVTPL	\$ 2,016,476	\$ 1,687,721	\$ 1,458,256
FVTOCI	19,742,899	16,744,308	17,706,878
Derivative instruments in designated hedge accounting relationships	27	101	912
Amortized cost (1)	23,273,426	21,622,972	22,839,920
<b><u>Financial liabilities</u></b>			
FVTPL			
Held for trading	46,275	135,316	76,446
Derivative instruments in designated hedge accounting relationships	390	251	3,433
Amortized cost (2)	63,715,021	64,030,061	66,664,019

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, net, accounts receivable, net, accounts receivables due from related parties, net and other financial assets.

2) The balances include financial liabilities measured at amortized cost, which comprise current borrowings, short-term notes and bills payable, accounts payable, accounts payables to related parties, other payables, others, current portion of non-current borrowings and non-current borrowings.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

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

The Group was mainly exposed to the USD and RMB.

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

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Influence to profit or loss at 5% variance		
USD	\$ 182,040	\$ 122,408
RMB	\$ (8,787)	\$ 23,150

b) Interest rate risk

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

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Fair value interest rate risk			
Financial assets	\$ 3,558,062	\$ 2,557,843	\$ 3,534,619
Financial liabilities	6,745,608	6,696,636	8,110,071
Leased liabilities	513,799	-	-
Cash flow interest rate risk			
Financial assets	4,056,946	3,468,017	3,581,313
Financial liabilities	43,790,606	45,212,022	45,464,009

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% 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% higher/lower and all other variables were held constant, the Group's post - tax profit for the six months ended June 30, 2019 and 2018 would decrease/increase by \$39,734 thousand and \$41,883 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity and commodity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2019 and 2018 would have increased/decreased by \$11,882 thousand, and \$14,178 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 six months ended June 30, 2019 and 2018 would have increased/decreased by \$987,145 thousand and \$885,344 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to price risk increased because the fair value of equity investments raised.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective recognized financial assets, which comprise receivables from operating activities and financial assets from investing activities as stated in the consolidated balance sheets.

The Group's customer base is vast and from various industries. The Group continuously evaluates the financial conditions of their customers.

To maintain the quality of the accounts receivable, the Group has built a credit risk management procedure to reduce the credit risk from specific customers. The credit evaluation of individual customers includes consideration factors that will affect their payment ability such as their financial condition, past transaction records and the current economic condition. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit ratings, there is no significant credit risk.

## 3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and sufficient bank facilities that business operation requires and to ensure the Group has sufficient financial flexibility.

As of June 30, 2019, December 31, 2018 and June 30, 2018, the amount of unused financing facilities were \$33,170,927 thousand, \$31,587,145 thousand and \$31,435,862 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include 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 institutions choosing to exercise their rights.

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

### June 30, 2019

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>		
Floating interest rate liabilities	\$ 17,990,207	\$ 27,451,033
Fixed interest rate liabilities	<u>6,878,618</u>	<u>384,181</u>
	<u>\$ 24,868,825</u>	<u>\$ 27,835,214</u>

December 31, 2018

	<b>Less than 1 Year</b>	<b>1 - 5 Years</b>
<u>Non-derivative financial liabilities</u>		
Floating interest rate liabilities	\$ 12,760,690	\$ 34,615,957
Fixed interest rate liabilities	<u>6,699,000</u>	<u>-</u>
	<u>\$ 19,459,690</u>	<u>\$ 34,615,957</u>

June 30, 2018

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>		
Floating interest rate liabilities	\$ 15,909,955	\$ 31,384,608
Fixed interest rate liabilities	<u>8,110,108</u>	<u>-</u>
	<u>\$ 24,020,063</u>	<u>\$ 31,384,608</u>

e. Transfers of financial assets

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
The discounted amount	\$ 542,880	\$ 1,675,911
The received amount	<u>\$ 528,837</u>	<u>\$ 1,637,797</u>
Interest rates	3.28%-3.47%	3.58%-4.33%

## 29. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and categories of related parties

<b>Related Party</b>	<b>Relationship with the Group</b>
Hsin-Yi Enterprise Co., Ltd.	Entity with key management personnel
Yuen Foong Paper Co., Ltd.	Entity with key management personnel (Note 1)
Taiwan Global BioFund Co., Ltd.	Associate
YFY Biotech Co., Ltd.	Associate

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
E Ink Holdings Inc.	Associate
Transcend Optonics (Yangzhou) Co., Ltd.	Associate
Willpower Industries Ltd.	Associate (Note 2)
Chengdu JieLianDa Warehousing Co., Ltd.	Associate
Chengdu YongJunYu Environmental Protection Packing Co., Ltd.	Associate
GST Packaging Ltd.	Associate
JLD Logistics Ltd.	Associate
YJY Packaging Ltd.	Associate
Yuen Foong Yu Catering Operation (Shanghai) Co., Ltd.	Associate
SinoPac Financial Holdings Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party
SinoPac Leasing Corporation	Substantive related party
Bank SinoPac	Substantive related party
Beautone Co., Ltd.	Substantive related party
Hsinex International Corp.	Substantive related party
Fu Hwa Development Enterprise Co., Ltd.	Substantive related party
Hsin-Yi Foundation	Substantive related party
Hsin-Yi Foundation & Publishing Co., Ltd.	Substantive related party
YFY BioTechnology (Kunshan) Co., Ltd.	Substantive related party
Lui Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Ho-Jielai Co., Ltd.	Substantive related party
Chen Yu Co., Ltd.	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Shanghai Futai Food Co., Ltd.	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
YFY Co., Ltd.	Substantive related party
Joway Investment Co., Ltd.	Substantive related party

(Concluded)

Note 1: YFY Paper Co., Ltd. was a substantive related party from January 1, 2018 to June 21, 2018. Since June 21, 2018, it has served as a director of the Company, and subsequently changed its identity from a substantive related party to an entity with key management personnel.

Note 2: The Group acquired 10.4% ownership of Willpower Industries Ltd. in June 2018, leading to an increase in ownership to 55.2% and a change in identity of the latter from associate to subsidiary, and has been included in the consolidated financial statements since then. Therefore, only the transactions that occurred as of the end of May 2018 are listed.

b. Operating revenue

<b>Related Party Category</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Associate	\$ 409,742	\$ 7,044	\$ 416,913	\$ 36,680
Substantive related party	64,204	87,201	137,020	164,160
Entities with key management personnel	<u>15,092</u>	<u>693</u>	<u>32,297</u>	<u>1,427</u>
	<u>\$ 489,038</u>	<u>\$ 94,938</u>	<u>\$ 586,230</u>	<u>\$ 202,267</u>



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

c. Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associate	\$ 16,252	\$ 56,524	\$ 53,676	\$ 96,263
Substantive related party	2,491	4,501	4,854	6,995
Entities with key management personnel	<u>1,263</u>	<u>-</u>	<u>1,518</u>	<u>-</u>
	<u>\$ 20,006</u>	<u>\$ 61,025</u>	<u>\$ 60,048</u>	<u>\$ 103,258</u>

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

d. Receivables from related parties

Line Item	Related Party Category	June 30, 2019	December 31, 2018	June 30, 2018
Receivables from related parties	Associate			
	Taiwan Global BioFund Co., Ltd.	\$ 402,730	\$ 10,648	\$ 315
	Others	<u>4,953</u>	<u>5,938</u>	<u>4,801</u>
		407,683	16,586	5,116
	Substantive related party			
	Beautone Co., Ltd.	36,947	62,726	47,465
	Others	<u>4,974</u>	<u>3,912</u>	<u>13,239</u>
		41,921	66,638	60,704
	Entities with key management personnel	<u>9,014</u>	<u>7,952</u>	<u>302</u>
		<u>\$ 458,618</u>	<u>\$ 91,176</u>	<u>\$ 66,122</u>

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

e. Payables to related parties

Line Item	Related Party Category	June 30, 2019	December 31, 2018	June 30, 2018
Payables to related parties	Associate			
	YJY Packaging Ltd.	\$ 12,706	\$ 46,110	\$ 7,089
	JLD Logistics Ltd.	5,147	7,315	32,275
	Others	<u>593</u>	<u>967</u>	<u>4,685</u>
		18,446	54,392	44,049
	Entities with key management personnel			
	Hsin-Yi Enterprise Co., Ltd.	5,189	4,954	5,038
	Others	<u>3,452</u>	<u>2,191</u>	<u>-</u>
		8,641	7,145	5,038
	Substantive related party	<u>2,606</u>	<u>2,868</u>	<u>6,859</u>
		<u>\$ 29,693</u>	<u>\$ 64,405</u>	<u>\$ 55,946</u>

The outstanding accounts payables to related parties are unsecured.

f. Others

Rental income

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Entities with key management personnel	\$ 2,011	\$ 40	\$ 4,023	\$ 80
Substantive related party	1,790	3,874	3,620	7,747
Associate	<u>301</u>	<u>301</u>	<u>603</u>	<u>602</u>
	<u>\$ 4,102</u>	<u>\$ 4,215</u>	<u>\$ 8,246</u>	<u>\$ 8,429</u>

Rental expenses (accounted for as operating expenses)

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Entities with key management personnel	\$ 12,040	\$ 10,513	\$ 22,219	\$ 21,894
Substantive related party	426	1,645	1,101	2,791
Associate	<u>62</u>	<u>64</u>	<u>125</u>	<u>127</u>
	<u>\$ 12,528</u>	<u>\$ 12,222</u>	<u>\$ 23,445</u>	<u>\$ 24,812</u>

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

## Others

In November 2015, the Group bought Bank SinoPac's third unsecured perpetual non-cumulative subordinated financial debentures issued in 2015, which amounted to \$400,000 thousand (accounted for as non-current financial assets at FVTPL) and had an interest rate of 3.9%. As of June 30, 2019, December 31, 2018 and June 30, 2018, the interest receivables were \$10,400 thousand, \$2,418 thousand and \$10,400 thousand, respectively.

In June 2019, the Group purchased part of the shares of New Medical Imaging Co., Ltd., HenKan Pharmaceutical Co. Ltd., NeuroSky, Inc., Elixir Pharmaceuticals, ACM Medical Technologies, Inc. and Nereus Pharmaceuticals Inc. from Taiwan Global BioFund Co., Ltd. for \$2 thousand (accounted for as non-current financial assets at FVTOCI).

In June 2019, the Group disposed of the entire equity interest in Hanmore Investment Corporation (accounted for as non-current financial assets at FVTOCI) to Joway Investment Co., Ltd., the disposal price was \$126,619 thousand, accumulated profit or loss of \$130,139 thousand is transferred from the unrealized gains (losses) on financial assets measured at FVTOCI to retained earnings.

### g. Compensation of key management personnel

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Salaries and benefits	\$ 17,990	\$ 13,078	\$ 34,554	\$ 26,157
Bonuses and executive fees	<u>386</u>	<u>407</u>	<u>772</u>	<u>815</u>
	<u>\$ 18,376</u>	<u>\$ 13,485</u>	<u>\$ 35,326</u>	<u>\$ 26,972</u>

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

## **30. ASSETS PLEDGED OR MORTGAGED**

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Notes receivable, net (Note)	\$ 1,539,005	\$ 1,977,658	\$ 2,093,088
Property, plant and equipment	1,043,478	1,068,814	969,150
Pledged time deposits (accounted for as other current financial assets and other non-current assets, others)	518,940	114,963	166,857
Land use rights (accounted for as right-of-use assets - 2019 and long-term prepayments for leases - 2018)	117,854	121,056	121,543
Pledged structured deposits (accounted for as current financial assets at FVTPL)	<u>-</u>	<u>-</u>	<u>31,282</u>
	<u>\$ 3,219,277</u>	<u>\$ 3,282,491</u>	<u>\$ 3,381,920</u>

Note: In preparing the consolidated financial statements, amounts of \$161,111 thousand and \$1,201,533 thousand, respectively, has been eliminated as of December 31, 2018 and June 30, 2018.

### 31. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2019, December 31, 2018 and June 30, 2018, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$723,385 thousand, \$791,019 thousand and \$816,736 thousand, respectively.

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

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

June 30, 2019			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,766,335	0.145 (RMB:USD)	\$ 7,980,330
RMB	490,535	4.518 (RMB:NTD)	2,216,245
USD	33,673	6.8747 (USD:RMB)	1,045,875
VND	1,043,573,924	0.00004 (VND:USD)	1,391,074
<u>Financial liabilities</u>			
Monetary items			
USD	140,991	6.8747 (USD:RMB)	4,379,186
VND	755,044,742	0.00004 (VND:USD)	1,006,467
December 31, 2018			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,578,254	0.146 (RMB:USD)	\$ 7,063,188
RMB	375,810	4.475 (RMB:NTD)	1,681,867
USD	51,536	30.715 (USD:NTD)	1,582,929
USD	38,106	6.863 (USD:RMB)	1,170,432
<u>Financial liabilities</u>			
Monetary items			
USD	215,560	6.863 (USD:RMB)	6,620,924

June 30, 2018			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,166,447	0.151 (RMB:USD)	\$ 9,973,398
USD	60,742	30.46 (USD:NTD)	1,850,201
RMB	346,149	4.604 (RMB:NTD)	1,593,521
<u>Financial liabilities</u>			
Monetary items			
USD	223,655	6.617 (USD:RMB)	6,812,532
RMB	893,965	0.151 (RMB:USD)	4,115,443

For the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were a loss of \$261,017 thousand, a loss of \$602,368 thousand, a gain of \$47,038 thousand and a loss of \$247,465 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees:

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

11) Intercompany relationships and significant intercompany transactions. (Table 10)

b. Information on investments in mainland China:

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

### 34. SEGMENT INFORMATION

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

	Business Group of Pulp and Fine Paper	Business Group of Container - Board and Packaging	Business Group of Consumer Products	Other Segment	Total
For the six months ended June 30, 2019					
Revenue from external customers	\$ 8,570,563	\$ 15,569,010	\$ 4,955,041	\$ 7,230,408	\$ 36,325,022
Revenue from other internal operating segments	2,171,903	907,109	709,047	642,390	4,430,449
Segment revenue	<u>\$ 10,742,466</u>	<u>\$ 16,476,119</u>	<u>\$ 5,664,088</u>	<u>\$ 7,872,798</u>	<u>40,755,471</u>
Eliminations					(4,430,449)
Consolidated revenue					<u>\$ 36,325,022</u>
Total profit or loss for reportable segment	<u>\$ 101,420</u>	<u>\$ 360,459</u>	<u>\$ 302,334</u>	<u>\$ 666,278</u>	\$ 1,430,491
Eliminations					47,501
Segment profit or loss					1,477,992
Finance costs					(485,512)
Net loss on fair value change of financial instruments at FVTPL					(35,611)
Net non-operating income and expenses					<u>349,114</u>
Profit before income tax					<u>\$ 1,305,983</u>

(Continued)

	<b>Business Group of Pulp and Fine Paper</b>	<b>Business Group of Container - Board and Packaging</b>	<b>Business Group of Consumer Products</b>	<b>Other Segment</b>	<b>Total</b>
<u>For the six months ended June 30, 2018</u>					
Revenue from external customers	\$ 9,577,342	\$ 14,606,981	\$ 5,657,733	\$ 7,013,277	\$ 36,855,333
Revenue from other internal operating segments	<u>2,452,174</u>	<u>1,090,389</u>	<u>648,603</u>	<u>676,764</u>	<u>4,867,930</u>
Segment revenue	<u>\$ 12,029,516</u>	<u>\$ 15,697,370</u>	<u>\$ 6,306,336</u>	<u>\$ 7,690,041</u>	<u>41,723,263</u>
Eliminations					<u>(4,867,930)</u>
Consolidated revenue					<u>\$ 36,855,333</u>
Total profit or loss for reportable segment	<u>\$ 281,272</u>	<u>\$ 391,508</u>	<u>\$ 98,163</u>	<u>\$ 292,498</u>	<u>\$ 1,063,441</u>
Eliminations					<u>53,181</u>
Segment profit or loss					<u>1,116,622</u>
Finance costs					<u>(498,924)</u>
Net gain on fair value change of financial instruments at FVTPL					<u>295,572</u>
Net non-operating income and expenses					<u>330,364</u>
Profit before income tax					<u>\$ 1,243,634</u>
					<b>(Concluded)</b>

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

a. Pulp and fine paper segment

Manufacture and sale of cardboard, paper and pulp.

b. Containerboard and packaging segment

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

c. Consumer product segment

Manufacture and sale of tissue paper, napkins and detergents.

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

**Segment Total Assets**

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Segment assets</u>			
Business group of pulp and fine paper	\$ 31,812,993	\$ 31,377,572	\$ 31,649,127
Business group of containerboard and packaging	43,195,983	43,926,717	46,133,988
Business group of consumer products	8,847,879	8,846,907	9,093,316
Other segments	78,750,321	73,035,379	75,572,738
Adjustments and eliminations	<u>(39,618,159)</u>	<u>(38,978,201)</u>	<u>(41,730,419)</u>
Consolidated total assets	<u>\$ 122,989,017</u>	<u>\$ 118,208,374</u>	<u>\$ 120,718,750</u>

## Geographical Information

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

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

	Revenue from External Customers		Non-current Assets		
	For the Six Months Ended				
	June 30		June 30,	December 31,	June 30,
	2019	2018	2019	2018	2018
Taiwan	\$ 18,666,108	\$ 20,013,533	\$ 32,444,956	\$ 31,919,849	\$ 31,556,814
Mainland China	12,850,671	14,919,026	20,357,446	20,792,571	22,009,364
Others	<u>4,808,243</u>	<u>1,922,774</u>	<u>3,152,894</u>	<u>2,767,456</u>	<u>2,254,291</u>
	<u>\$ 36,325,022</u>	<u>\$ 36,855,333</u>	<u>\$ 55,955,296</u>	<u>\$ 55,479,876</u>	<u>\$ 55,820,469</u>

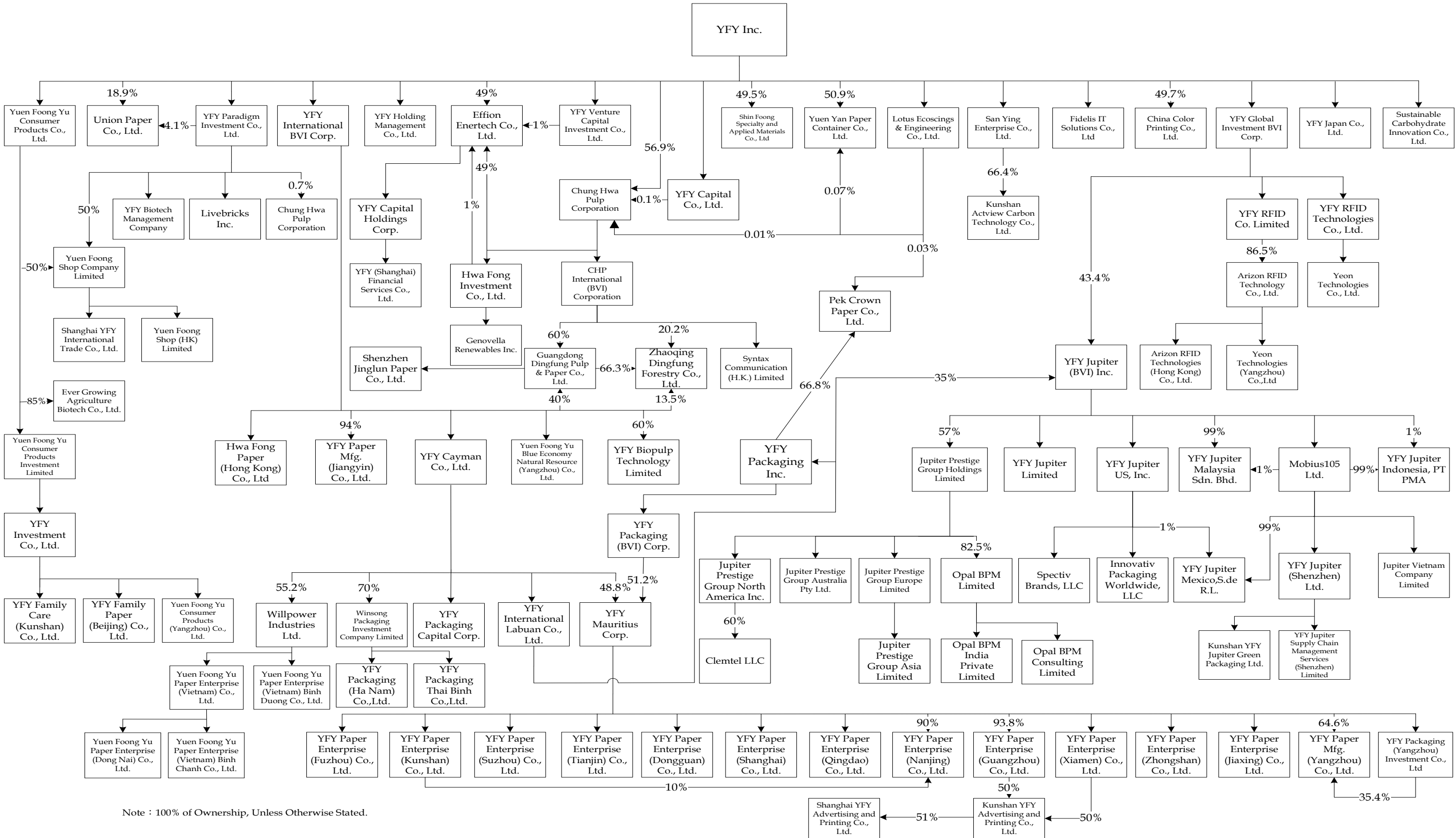
## Information about Major Customers

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018.



YFY INC. AND SUBSIDIARIES

DIAGRAM OF INVESTMENT STRUCTURE  
JUNE 30, 2019



Note : 100% of Ownership, Unless Otherwise Stated.

TABLE 2

## YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
1	YFY Global Investment BVI Corp.	Yeon Technologies Co., Ltd.	Other receivables from related parties	Yes	\$ 30,895	\$ 24,848	\$ 24,848	3.00	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 560,828	\$ 2,243,312	Note 2
		YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	790,000	776,500	776,500	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	11,216,559	11,216,559	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	1,327,200	1,304,520	1,304,520	3.00-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	11,216,559	11,216,559	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	485,613	245,374	245,374	3.80	Short-term financing	-	Financing for working capital requirements	-	-	-	2,243,312	2,243,312	Note 2
2	YFY International BVI Corp.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	461,550	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	134,070	131,700	131,700	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	229,967	225,901	225,901	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	483,428	347,887	257,527	5.90	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	289,758	284,635	284,635	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	379,200	372,720	372,720	3.00-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,089,571	41,791,428	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	988,640	931,800	931,800	2.00-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,769,983	2,600,064	2,600,064	2.37-4.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,791,428	41,791,428	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	221,200	217,420	217,420	3.80	Short-term financing	-	Financing for working capital requirements	-	-	-	8,358,285	8,358,285	Note 2
		YFY Biopulp Technology Limited.	Other receivables from related parties	Yes	3,077	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	8,358,285	8,358,285	Note 2
3	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	56,727	46,014	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	46,014	184,054	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	56,727	46,014	43,824	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	46,014	184,054	Note 2
4	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,055,969	906,794	17,725	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,042,334	1,042,334	Note 2
		YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	137,748	135,540	135,540	5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	1,042,334	1,042,334	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,947,900	906,794	308,693	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,042,334	1,042,334	Note 2
5	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,821,297	1,792,111	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,792,111	1,792,111	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,821,297	1,792,111	830,737	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,792,111	1,792,111	Note 2
6	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	760,426	748,241	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	748,241	748,241	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	760,426	748,241	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	748,241	748,241	Note 2
7	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	867,445	853,545	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	853,545	853,545	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	867,445	853,545	466,831	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	853,545	853,545	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
8	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 1,511,401	\$ 1,487,182	\$ -	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 1,487,182	\$ 1,487,182	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,511,401	1,487,182	704,315	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,487,182	1,487,182	Note 2
9	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,840,005	1,810,520	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,810,520	1,810,520	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,840,005	1,810,520	829,906	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,810,520	1,810,520	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	275,136	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	362,104	362,104	Note 2
10	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	375,465	369,448	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	369,448	369,448	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	646,170	369,448	214	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	369,448	369,448	Note 2
11	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	689,900	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	2,154,129	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,154,129	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	2,154,129	565,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	2,154,129	565,593	16,291	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	574,805	565,593	36,349	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,464,229	1,131,187	74,023	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,154,129	565,593	126,103	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,131,187	1,131,187	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	73,211	56,559	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	56,559	226,237	Note 2
12	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	582,269	572,939	68,328	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	572,939	572,939	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	836,806	572,939	69,802	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	572,939	572,939	Note 2
13	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	603,352	307,143	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	307,143	307,143	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	312,145	307,143	2,732	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	307,143	307,143	Note 2
14	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	689,900	231,281	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	689,900	231,281	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	689,900	231,281	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,379,800	451,802	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 689,900	\$ 451,802	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 4,625,619	\$ 4,625,619	Note 2
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	2,145	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	2,709	2,666	2,214	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	689,900	231,281	8,565	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Family Paper (Beijing) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	19,842	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	459,159	451,802	44,554	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	65,043	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		Kunshan YFY Advertising and Printing Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	380,168	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	689,900	451,802	432,763	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,625,619	4,625,619	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	287,008	231,281	135,026	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	231,281	925,124	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	287,008	231,281	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	231,281	925,124	Note 2
15	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	247,318	115,000	89,482	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	230,001	230,001	Note 2
16	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	530,075	278,748	82,107	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	557,497	557,497	Note 2
17	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	196,333	142,619	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	285,238	285,238	Note 2
18	YFY Cayman Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd.	Other receivables from related parties	Yes	61,470	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,481,264	5,481,264	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	154,100	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	81,662	30,271	30,271	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	87,387	85,842	85,842	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	191,056	90,812	90,812	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	126,627	124,245	124,245	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	\$ 140,211	\$ 137,732	\$ 137,732	4.35	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 27,406,322	\$ 27,406,322	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	169,486	166,489	166,489	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Long-term receivables from related parties	Yes	210,649	206,925	206,925	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Long-term receivables from related parties	Yes	242,845	238,551	238,551	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	462,233	454,061	454,061	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Long-term receivables from related parties	Yes	938,264	614,450	614,450	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,572,155	1,545,106	1,545,106	3.00-4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	2,212,469	2,168,647	2,168,647	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,406,322	27,406,322	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	169,485	135,540	135,540	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	5,481,264	5,481,264	Note 2
19	YFY RFID Co. Limited	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	221,042	217,265	217,265	1.50-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	5,279,991	5,279,991	Note 2
20	Hwa Fong Paper (Hong Kong) Co., Ltd.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	97,960	96,286	96,286	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	193,788	193,788	Note 2
21	YFY Jupiter (BVI) Inc.	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	32,232	31,681	31,681	3.80	Short-term financing	-	Financing for working capital requirements	-	-	-	240,703	240,703	Note 2
		YFY Jupiter Indonesia, PT PMA	Other receivables from related parties	Yes	47,400	46,590	46,590	9.00	Short-term financing	-	Financing for working capital requirements	-	-	-	240,703	240,703	Note 2
22	YFY Jupiter Limited	YFY Jupiter US, Inc.	Other receivables from related parties	Yes	17,064	16,772	16,772	3.80	Short-term financing	-	Financing for working capital requirements	-	-	-	128,033	128,033	Note 2
23	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	521,007	512,658	510,858	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	512,658	2,050,634	Note 2
24	CHP International (BVI) Corporation	Zhaoqing Dingfung Forestry Co., Ltd.	Other receivables from related parties	Yes	379,200	372,720	372,720	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,174,472	2,174,472	Note 2
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,037,795	1,021,039	1,021,039	2.50-3.10	Short-term financing	-	Financing for working capital requirements	-	-	-	2,174,472	2,174,472	Note 2
		YFY International BVI Corp.	Other receivables from related parties	Yes	316,000	310,600	310,600	2.80	Short-term financing	-	Financing for working capital requirements	-	-	-	543,618	2,174,472	Note 2
25	Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	91,023	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,190,346	1,190,346	Note 2
26	Shenzhen Jinglun Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	10,737	10,565	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	10,565	42,261	Note 2
27	Yuen Foong Yu Consumer Products Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	59,791	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,005,704	1,005,704	Note 2
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	840,262	826,797	826,797	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	1,005,704	1,005,704	Note 2
28	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	474,000	465,900	155,300	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	5,042,191	5,042,191	Note 2
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	474,000	310,600	310,600	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	5,042,191	5,042,191	Note 2
29	YFY Family Care (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	466,014	458,547	68,568	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	917,094	917,094	Note 2
30	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,024,190	1,007,778	9,816	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	2,015,555	2,015,555	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
31	YFY Family Paper (Beijing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 491,409	\$ 472,085	\$ -	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 944,171	\$ 944,171	Note 2
32	YFY Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,561,079	1,523,281	122,613	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	3,046,563	3,046,563	Note 2
33	YFY International Labuan Co., Ltd.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	110,600	108,710	108,710	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	14,375,910	14,375,910	Note 2
34	YFY Mauritius Corp.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	316,000	310,600	310,600	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	14,145,695	14,145,695	Note 2
35	Willpower Industries Ltd.	Vinh Phu Packing And Printing Company Limited	Other receivables from related parties	Yes	71,100	69,885	45,658	4.00	Short-term financing	-	Building factory	-	-	-	180,408	721,633	-
36	YFY Packaging BVI Corp.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	41,080	40,378	40,378	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	7,320,787	7,320,787	Note 2
37	YFY Packaging Capital Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	412,222	406,621	406,621	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	12,433,250	12,433,250	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	5,849,160	5,749,206	5,749,206	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,433,250	12,433,250	Note 2
38	YFY Capital Co., Ltd.	Fidelis IT Solutions Co., Ltd.	Other receivables from related parties	Yes	50,000	50,000	50,000	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	152,879	152,879	Note 2
39	San Ying Enterprise Co., Ltd.	YFY Venture Capital Investment Co., Ltd.	Other receivables from related parties	Yes	50,000	50,000	50,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	59,251	59,251	Note 2
40	Effion Enertech Co., Ltd.	Lotus Ecoscings & Engineering Co., Ltd.	Other receivables from related parties	Yes	75,000	75,000	75,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	275,108	275,108	Note 2
		YFY Venture Capital Investment Co., Ltd.	Other receivables from related parties	Yes	200,000	200,000	200,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	275,108	275,108	Note 2
41	YFY Japan Co., Ltd.	YFY International BVI Corp.	Other receivables from related parties	Yes	72,625	72,150	72,150	0.5	Short-term financing	-	Financing for working capital requirements	-	-	-	201,587	201,587	Note 2

Note 1:

a. In the provision of loans due to business dealings, total loans should not exceed 40% of the lender’s net equity for the prior year while individual loans should not exceed the total purchases and sales between the lender and the borrower for the prior year. In the provision of short-term loans, both individual and total loans each should not exceed 40% of the lender’s net equity for the prior year. To sum up, in the provision of business dealings and short-term financing, both aggregate loans and individual loans should not exceed 80% of the lender’s net equity for the prior year.

b. YFY Inc.’s wholly-owned foreign subsidiaries are not subject to the foregoing 40% and 80% limits when they provide financing to each other. For subsidiaries of YFY Inc., if the lending is for the borrower’s business purposes or for short-term financing, the amount of financing should not exceed twice of the lender’s net equity as of the end of the prior year.

c. For YFY Inc.’s other foreign subsidiaries that are not wholly-owned and are based in China, their individual contributions to a cash pool to be used for lending purposes should not exceed 10% of their respective net equities as of the end of the prior year.

d. For Guangdong Dingfung Pulp & Paper Co., Ltd. and CHP International (BVI) Corporation, individual loans and total loans provided should not exceed 40% and 80% of the lender’s net equity, respectively.

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

(Concluded)

TABLE 3

## YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
1	<u>Endorsement</u> YFY Inc.	YFY Packaging (Yangzhou) Investment Co., Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a. Note 3 a.	\$ 53,193,764 53,193,764	\$ 316,000 4,165,400	\$ 310,600 4,098,847	\$ - 833,275	\$ - -	0.80 10.57	\$ 70,925,018 70,925,018	Yes Yes	No No	Yes Yes
2	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 b.	10,086,107	4,740,000	4,659,000	-	-	68.46	13,448,142	No	Yes	No
3	YFY Cayman Co., Ltd.	YFY Packaging (Ha Nam) Co., Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd. YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	20,554,742 20,554,742 20,554,742	489,800 691,400 239,300	481,430 176,900 239,020	450,728 31,589 -	- - -	3.54 1.30 1.76	27,406,323 27,406,323 27,406,323	Yes Yes Yes	No No No	No Yes Yes
4	Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	2,706,125 2,706,125 2,706,125	158,000 410,800 1,074,400	155,300 403,780 1,056,040	- 99,392 779,606	- - -	8.28 21.52 56.28	3,608,166 3,608,166 3,608,166	Yes Yes Yes	No No No	No No No
1	<u>Credit line (Note 4)</u> YFY Inc.	Lotus Ecoscings & Engineering Co., Ltd. YFY (Shanghai) Financial Services Co., Ltd. YFY Global Investment BVI Corp. YFY Venture Capital Investment Co., Ltd. YFY Paradigm Investment Co., Ltd. YFY Capital Co., Ltd. YFY International BVI Corp. YFY Jupiter Limited YFY Jupiter (BVI) Inc.	Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a.	53,193,764 53,193,764 53,193,764 53,193,764 53,193,764 53,193,764 53,193,764 53,193,764 53,193,764	230,000 418,612 632,000 1,920,000 1,870,000 2,800,000 3,036,560 289,460 316,000	230,000 412,261 621,200 1,770,000 1,870,000 2,800,000 2,989,796 287,111 310,600	80,000 124,245 189,472 651,000 935,000 1,720,000 167,724 191,148 232,950	- - - - - - - - -	0.59 1.06 1.60 4.56 4.82 7.22 7.71 0.74 0.80	70,925,018 70,925,018 70,925,018 70,925,018 70,925,018 70,925,018 70,925,018 70,925,018 70,925,018	No No No No No No No No No	No No No No No No No No No	No No No No No No No No No
2	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation Guangdong Dingfung Pulp & Paper Co., Ltd.	Note 3 a. Note 3 a.	23,432,565 23,432,565	862,960 183,973	714,380 180,721	- -	- -	4.56 1.15	31,243,420 31,243,420	No No	No No	No No
3	YFY Packaging Inc.	YFY Paper Enterprise (Tianjin) Co., Ltd. YFY Paper Enterprise (Qingdao) Co., Ltd. YFY Cayman Co., Ltd.	Note 3 b. Note 3 b. Note 3 b.	10,086,107 10,086,107 10,086,107	91,605 91,605 1,959,200	90,360 90,360 1,925,720	- 44,277 615,841	- - -	1.33 1.33 28.30	13,448,142 13,448,142 13,448,142	No No No	No No No	No No No

Note 1: Represents 150% of the prior year's net equity of YFY Inc., Chung Hwa Pulp Corporation, YFY Packaging Inc., YFY Cayman Co., Ltd. and Willpower Industries Ltd.

Note 2: Represents 200% of the prior year's net equity of YFY Inc., Chung Hwa Pulp Corporation, YFY Packaging Inc., YFY Cayman Co., Ltd. and Willpower Industries Ltd.

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

- a. Subsidiary.
- b. Same ultimate parent company.

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

**TABLE 4****YFY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	468,485,150	\$ 6,113,731	4.2	\$ 6,113,731	
	Boardtek Electronics Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	37,323,087	1,080,503	16.7	1,080,503	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	84,509,502	1,449,338	11.8	1,449,338	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,826,000	171,385	12.9	171,385	
	Synmax Biochemical Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,999,371	61,248	13.9	61,248	
	Universal Investment Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,562,000	31,942	2.9	31,942	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	4,200,000	55,251	14.0	55,251	
	Taiwan Creative Industry Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,600,000	21,590	8.0	21,590	
	Shin Taiwan Agricultural Machinery Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,612	31,405	5.5	31,405	
	China Trade and Development Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	377,634	2,100	0.6	2,100	
	Taiwan Stock Exchange Corporation	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,817,024	2,242,292	3.0	2,242,292	
	Sino Cell Technologies Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	995,313	6,273	10.0	6,273	
	Yuen Foong Paper Co., Ltd.	Note 3	Financial assets measured at fair value through other comprehensive income and loss - non-current	544,067	13,538	0.7	13,538	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	19,161,529	290,550	14.9	290,550	
	iXensor Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,970,000	67,768	4.0	67,768	
	<u>Subordinated bank debentures</u> Bank SinoPac's third unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	Note 2	Financial assets measured at fair value through profit or loss - non-current	-	164,085	-	164,085	

(Continued)



Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paper Enterprise (Xiamen) Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	5,392,167	\$ 75,156	-	\$ 75,156	
	<u>Share certificate</u> Xiamen Taiwanese Investment Association Management Company	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	-	RMB 70 thousand	-	RMB 70 thousand	
YFY Global Investment BVI Corp.	<u>Beneficiary certificates</u> WI Harper INC. Fund VII LP	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	-	US\$ 227 thousand	0.2	US\$ 227 thousand	
	<u>Special share</u> Neutron Innovation (BVI) Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,692,250	US\$ 2,692 thousand	6.6	US\$ 2,692 thousand	
	Micareo Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	8,124,999	US\$ 3,367 thousand	19.9	US\$ 3,367 thousand	
	Omni-ID Corporation Inc.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	4,085,810	US\$ 3,178 thousand	5.7	US\$ 3,178 thousand	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	21,891,143	285,680	0.2	285,680	
	Foongtone Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,884,415	67,852	11.8	67,852	
	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	215,242	3,000	-	3,000	
China Color Printing Co., Ltd.	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	1,283,171	19,034	-	19,034	
	Hua Nan Phoenix Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	184,763	3,007	-	3,007	
	Prudential Financial Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	2,087,366	33,057	-	33,057	
	<u>Ordinary shares</u> China Development Financial Holding Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - current	9,959,081	94,312	0.1	94,312	
	China Parcel Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	463,917	5,014	10.8	5,014	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Capital Co., Ltd.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	106,496,565	\$ 1,389,780	0.9	\$ 1,389,780	
	Advance Materials Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,542,258	6,370	1.3	6,370	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	113,222,824	1,477,558	1.0	1,477,558	
	Shen's Art Printing Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - current	43,109	621	0.1	621	
	Medeon Biodesign, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - current	108,000	8,899	0.2	8,899	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	21,627,353	370,909	3.0	370,909	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,574,000	21,182	1.6	21,182	
	Locus Publishing Company	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,402,386	14,713	13.4	14,713	
	Sino Cell Technologies Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	994,687	6,269	10.0	6,269	
	Foongtone Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	881,184	20,729	3.6	20,729	
	Taiwan Stock Exchange Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,440	155	-	155	
YFY Venture Capital Investment Co., Ltd.	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	105,793,320	1,380,603	0.9	1,380,603	
	Medeon Biodesign, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - current	185,000	15,244	0.3	15,244	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,265,000	21,695	0.2	21,695	
	Quan Yuan Investment Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	7,000,000	58,045	5.5	58,045	
	Taiwan Global BioFund Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,600,000	39,487	4.7	39,487	
	Everterminal Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,401,920	14,579	2.5	14,579	
	Echem Solutions Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	780,652	7,896	1.4	7,896	
	Overseas Investment & Development Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,000,000	8,065	1.1	8,065	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Packaging Inc.	Advance Materials Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,001	\$ 4	-	\$ 4	
	Somnics, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	485,000	9,002	1.3	9,002	
	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	645,717	9,000	-	9,000	
	<u>Beneficiary certificates</u> Yuanta Wan Tai Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	593,624	9,001	-	9,001	
	SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	358,742	5,000	-	5,000	
	Fidelis IT Solutions Co., Ltd.							
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	7,455,438	97,293	0.1	97,293	
	Lotus Ecoscings & Engineering Co., Ltd.							
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	30,220,080	394,372	0.3	394,372	
	Boardtek Electronics Corporation	Note 1	Financial assets measured at fair value through other comprehensive income and loss - current	2,335,530	67,614	1.0	67,614	
Chung Hwa Pulp Corporation	Fu Hwa Development Enterprise Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,050,000	13,813	3.5	13,813	
	Foongtone Technology Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	489,546	11,516	2.0	11,516	
	<u>Ordinary shares</u> SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	99,809,327	1,302,512	0.9	1,302,512	
	NTU Innovation & Incubation Co., Ltd.	Note 1	Financial assets measured at fair value through profit or loss - non-current	800,000	-	6.3	-	
	Groundhog Technologies Inc.	-	Financial assets measured at fair value through profit or loss - non-current	275,000	-	1.0	-	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	15,315,356	262,659	2.1	262,659	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	19,161,529	290,550	14.9	290,550	
	<u>Subordinated bank debentures</u> Bank SinoPac's third unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	174,323	-	174,323	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hwa Fong Investment Co., Ltd.	<u>Ordinary shares</u> Everest Technology Inc.	-	Financial assets measured at fair value through profit or loss - non-current	150,000	\$ -	0.2	\$ -	
	SinoPac Financial Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	2,394,960	31,254	-	31,254	
YFY Holding Management Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	2,704,424	37,694	-	37,694	
Union Paper Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	489,080	6,817	-	6,817	
	<u>Subordinated bank debentures</u> Bank SinoPac's third unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	20,507	-	20,507	
YFY Japan Co., Ltd.	<u>Ordinary shares</u> Beautone Japan Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	440	JPY 46,834 thousand	36.7	JPY 46,834 thousand	
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	217,925	3,037	-	3,037	
	<u>Subordinated bank debentures</u> Bank SinoPac's third unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	51,276	-	51,276	
Genovella Renewables Inc. (originally named as Kuang Hwa Fertilizer Limited Company)	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	97,099	1,354	-	1,354	
San Ying Enterprise Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	863,297	12,032	-	12,032	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kunshan Actview Carbon Technology Co., Ltd.	<u>Structured deposit</u> Fubon Bank (China) Financial Product No. 18070386	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,503 thousand	-	RMB 2,503 thousand	
	Fubon Bank (China) Financial Product No. 19010551	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,653 thousand	-	RMB 2,653 thousand	
	Fubon Bank (China) Financial Product No. 19040565	-	Financial assets measured at fair value through profit or loss - current	-	RMB 3,131 thousand	-	RMB 3,131 thousand	
Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.)	<u>Structured deposit</u> Bank of Communications Financial Product No. 141200666231		Financial assets measured at fair value through profit or loss - current	-	RMB 15,189 thousand	-	RMB 15,189 thousand	
	Bank of Communications Financial Product No. 111000293361	-	Financial assets measured at fair value through profit or loss - current	-	RMB 10,061 thousand	-	RMB 10,061 thousand	
	Bank of Communications Financial Product No. 104600235646	-	Financial assets measured at fair value through profit or loss - current	-	RMB 10,032 thousand	-	RMB 10,032 thousand	
	Bank of Communications Financial Product No. 153000607334	-	Financial assets measured at fair value through profit or loss - current	-	RMB 45,057 thousand	-	RMB 45,057 thousand	
	Bank of Communications Financial Product No. 144200519544	-	Financial assets measured at fair value through profit or loss - current	-	RMB 45,059 thousand	-	RMB 45,059 thousand	
	Bank of Communications Financial Product No. 110800295013	-	Financial assets measured at fair value through profit or loss - current	-	RMB 47,031 thousand	-	RMB 47,031 thousand	
	Bank of Communications Financial Product No. 111700309658	-	Financial assets measured at fair value through profit or loss - current	-	RMB 47,032 thousand	-	RMB 47,032 thousand	
	Bank of Communications Financial Product No. 114300356936	-	Financial assets measured at fair value through profit or loss - current	-	RMB 46,031 thousand	-	RMB 46,031 thousand	
	Bank of Communications Financial Product No. 143200593034	-	Financial assets measured at fair value through profit or loss - current	-	RMB 8,055 thousand	-	RMB 8,055 thousand	
Arizon RFID Technologies (Hong Kong) Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	290,333	US\$ 130 thousand	-	US\$ 130 thousand	
Yeon Technologies Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	818,773	11,412	-	11,412	
Sustainable Carbohydrate Innovation Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	358,737	5,000	-	5,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Biotech Management Company	Ordinary shares							
	New Medical Imaging Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	331,671	\$ 1	7.2	\$ 1	
	HenKan Pharmaceutical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,500,000	1	10.2	1	
	NeuroSky, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	48,308,183	-	10.3	-	
	Elixir Pharmaceuticals Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,662,558	-	2.2	-	
	ACM Medical Technologies, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	760,000	-	7.3	-	
	Nereus Pharmaceuticals Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,682,602	-	0.9	-	

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

Note 2: The investor is a member of the board of directors of the investee’s parent company.

Note 3: A member of the board of directors of the investor.

(Concluded)

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments (Note 2)	Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount	
YFY Packaging Inc.	Beneficiary certificates															
	SinoPac TWD Money Market Fund	Note 1	-	-	-	\$ -	99,362,629	\$ 1,383,000	99,003,887	\$ 1,378,157	\$ 1,378,000	\$ 157	\$ -	358,742	\$ 5,000	-
	Yuanta Wan Tai Money Market Fund	Note 1	-	-	1,520,737	23,001	76,926,082	1,165,000	77,853,195	1,179,122	1,179,000	122	-	593,624	9,001	-
YFY Capital Co., Ltd.	Beneficiary certificates															
	SinoPac TWD Money Market Fund	Note 1	-	-	-	-	45,329,439	631,000	45,329,439	631,049	631,000	49	-	-	-	-

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

Note 2:   Accounted for as gain (loss) on the fair value change of financial instruments at FVTPL.

TABLE 6

## YFY INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b	Sales	\$ 305,150	7	In agreed terms	\$ -	-	\$ 88,546	6	Note 2
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 b	Sales	260,168	6	In agreed terms	-	-	46,130	3	Note 2
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b	Sales	2,849,723	62	In agreed terms	-	-	899,148	57	Note 2
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 b	Sales	201,058	4	In agreed terms	-	-	25,208	2	Note 2
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b	Sales	108,986	2	In agreed terms	-	-	41,217	3	Note 2
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 b	Sales	173,611	4	In agreed terms	-	-	84,696	5	Note 2
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 b	Sales	160,040	4	In agreed terms	-	-	27,299	2	Note 2
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 b	Sales	181,840	4	In agreed terms	-	-	105,205	7	Note 2
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a	Sales	345,289	6	3 months after transaction month	-	-	113,900	5	Note 2
	Chung Hwa Pulp Corporation	Note 1 b	Sales	767,568	13	2 months after transaction month	-	-	286,756	13	Note 2
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b	Sales	538,084	9	In agreed terms	-	-	503,095	23	Note 2
Chung Hwa Pulp Corporation	YFY Capital Co., Ltd.	Note 1 b	Sales	400,917	4	Half month after transaction month	-	-	45,238	2	Note 2
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	451,151	5	2 months after transaction month	-	-	209,624	7	Note 2
	Shenzhen Jinglun Paper Co., Ltd.	Note 1 b	Sales	537,502	6	5 months after transaction month	-	-	680,595	23	Note 2
	Union Paper Co., Ltd.	Note 1 b	Sales	463,892	5	1 month after transaction month	-	-	78,871	3	Note 2
	YFY Packaging Inc.	Note 1 b	Sales	170,280	2	2 months after transaction month	-	-	97,104	3	Note 2
	Beautone Co., Ltd.	Note 1 c	Sales	123,760	1	1 month after transaction month	-	-	36,790	1	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a	Sales	666,074	21	In agreed terms	-	-	209,257	27	Note 2
YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b	Sales	199,222	76	In agreed terms	-	-	81,654	30	Note 2
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b	Sales	126,329	100	In agreed terms	-	-	80,147	100	Note 2
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	349,876	99	In agreed terms	-	-	56,844	44	Note 2
YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	260,509	100	In agreed terms	-	-	888	90	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	1,072,713	87	In agreed terms	-	-	409,268	83	Note 2
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b	Sales	153,165	12	In agreed terms	-	-	83,163	17	Note 2

(Continued)



Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a	Sales	\$ 604,429	19	2 months after transaction month	\$ -	-	\$ 281,356	29	Note 2
Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b	Sales	544,276	44	2 months after transaction month	-	-	83,527	19	Note 2
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b	Sales	233,466	5	In agreed terms	-	-	39,842	1	Note 2
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b	Sales	239,158	5	In agreed terms	-	-	70,232	2	Note 2
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b	Sales	101,459	2	In agreed terms	-	-	3,452	-	Note 2
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 b	Sales	203,288	4	In agreed terms	-	-	76,403	2	Note 2
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	105,102	7	4 months after transaction month	-	-	89,084	24	Note 2
YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b	Sales	238,084	84	In agreed terms	-	-	-	-	Note 2
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Note 1 b	Sales	116,680	13	In agreed terms	-	-	70,333	1	Note 2
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Note 1 b	Sales	100,650	12	In agreed terms	-	-	51,228	1	Note 2

Note 1: The relationships are as follow:

- a. Subsidiary.
- b. Parent company or the same ultimate parent company.
- c. Substantive related party

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

(Concluded)

**TABLE 7****YFY INC. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****JUNE 30, 2019****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
YFY Packaging Inc.	Chung Hwa Pulp Corporation	Same ultimate parent company	\$ 286,756	4.85	\$ -	-	\$ 140,782	\$ -
	Pek Crown Paper Co., Ltd.	Subsidiary	113,900	5.64	-	-	54,394	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Same ultimate parent company	503,095	3.53	-	-	109,775	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	209,257	5.98	-	-	39,285	-
Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Same ultimate parent company	680,595	1.67	-	-	94,817	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Same ultimate parent company	209,624	3.83	-	-	70,200	-
YFY International BVI Corp.	YFY Investment Co., Ltd.	Same ultimate parent company	626,914	-	-	-	33,220	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Same ultimate parent company	899,148	4.67	-	-	623,051	-
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Same ultimate parent company	105,205	4.72	-	-	83	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	409,268	6.75	-	-	203,695	-
Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	103,051	0.62	-	-	18,355	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	281,356	4.45	-	-	81,540	-

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

**TABLE 8**

**YFY INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2019	December 31, 2018	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	56.9	\$ 8,980,699	\$ 81,337	\$ 46,897	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	1,361,555	1,361,555	133,472,904	11.8	3,306,700	1,322,703	156,207	-
	YFY International BVI Corp.	British Virgin Islands	Investment and holding	18,124,434	18,124,434	580,098,758	100.0	20,822,975	(59,450)	(57,624)	Notes 1 and 3
	YFY Global Investment BVI Corp.	British Virgin Islands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	5,737,209	168,393	168,393	Notes 1 and 3
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper - related merchandise	1,600,000	1,600,000	241,636,021	100.0	2,776,623	237,253	237,253	Notes 1 and 3
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Production and sale of SBR (styrene butadiene rubber) latex	73,020	73,020	51,914,248	49.5	1,594,306	221,159	109,576	Notes 1 and 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	169,700	310,125	16,970,040	23.0	332,141	(265,791)	(61,722)	-
	China Color Printing Co., Ltd.	Taipei, Taiwan	Design and print of magazines, posters and books	190,068	190,068	32,896,330	49.7	442,676	3,528	1,752	Notes 1 and 3
	YFY Venture Capital Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	200,000	200,000	69,827,600	100.0	1,390,102	10,517	10,517	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	274,186	(103,173)	(49,549)	Notes 1 and 3
	YFY Capital Co., Ltd.	Taipei, Taiwan	Sale of paper and paper-related merchandise	189,759	189,759	26,840,000	100.0	664,032	3,568	3,568	Notes 1 and 3
	YFY Holding Management Co., Ltd.	Taipei, Taiwan	Consulting	30,000	30,000	3,000,000	100.0	39,203	5,156	5,156	Notes 1 and 3
	Union Paper Co., Ltd.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	223,878	(21,626)	(4,091)	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding.	231,357	231,357	84,880,000	100.0	1,901,009	317,910	317,910	Notes 1 and 3
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construction of water processing and environmental facilities	100,003	100,003	12,600,000	100.0	152,961	13,447	13,447	Notes 1 and 3
	Lotus Ecoscings & Engineering Co., Ltd.	Taipei, Taiwan	Construction of sewage treatment plants and incinerators	152,944	152,944	28,545,000	100.0	418,529	(1,434)	(1,434)	Notes 1 and 3
	YFY Japan Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	102,032	2,104	2,104	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	69,983	3,271	1,666	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 appliance	10,000	10,000	2,857,000	100.0	67,939	(1,324)	(1,324)	Notes 1 and 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine 2. Manufacture and wholesale of chemical material 3. Medicine testing	12,260	12,260	1,225,956	19.4	19,356	(2,298)	(445)	-
	Sustainable Carbohydrate Innovation Co., Ltd.	Taipei, Taiwan	Researching and development	30,000	-	3,000,000	100.0	31,696	1,696	1,696	Notes 1 and 3
YFY International BVI Corp.	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding	US\$ 391,850 thousand	US\$ 391,850 thousand	339,918,142	100.0	US\$ 438,097 thousand	US\$ (2,782) thousand	US\$ (2,782) thousand	Notes 1 and 3
	Hwa Fong Paper (Hong Kong) Company Limited	Hong Kong, China	Sale and print of paper merchandise	US\$ 13,520 thousand	US\$ 13,520 thousand	116,000,000	100.0	US\$ 3,143 thousand	US\$ 23 thousand	US\$ 23 thousand	Notes 1 and 3
	Syntax Communication (H.K.) Limited	Hong Kong, China	Sale and print of paper merchandise	-	US\$ 6,388 thousand	-	-	-	US\$ 21 thousand	-	Notes 1 and 3
	YFY Biopulp Technology Limited	British Virgin Islands	Investment and holding	US\$ 90 thousand	US\$ 90 thousand	90,000	60.0	US\$ 8 thousand	US\$ 97 thousand	US\$ 58 thousand	Notes 1 and 3
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Malaysia	Investment and holding	US\$ 165,901 thousand	US\$ 165,901 thousand	165,901,099	100.0	US\$ 232,152 thousand	US\$ 1,716 thousand	US\$ 1,687 thousand	Notes 1 and 3
	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 157,502 thousand	US\$ 157,502 thousand	157,501,731	48.8	US\$ 106,838 thousand	US\$ (8,707) thousand	US\$ (4,252) thousand	Notes 1 and 3
	Willpower Industries Ltd.	British Virgin Islands	Sale of various paper products	US\$ 16,338 thousand	US\$ 16,338 thousand	8,550,000	55.2	US\$ 33,324 thousand	US\$ 2,329 thousand	US\$ 1,284 thousand	Notes 1 and 3
	YFY Packaging Capital Corp.	British Virgin Islands	Investment and holding	US\$ 200,000 thousand	US\$ 200,000 thousand	200,000,000	100.0	US\$ 202,691 thousand	US\$ 2,542 thousand	US\$ 2,542 thousand	Notes 1 and 3
	Winsong Packaging Investment Company Limited	Hong Kong, China	Investment and holding	US\$ 9,520 thousand	US\$ 9,520 thousand	9,520,000	70.0	US\$ 8,696 thousand	US\$ (871) thousand	US\$ (610) thousand	Notes 1 and 3
Winsong Packaging Investment Company Limited	YFY Packaging (Ha Nam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 12,400 thousand	US\$ 12,400 thousand	12,400,000	100.0	US\$ 11,243 thousand	US\$ (847) thousand	US\$ (847) thousand	Notes 1 and 3
	YFY Packaging Thai Binh Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 1,200 thousand	-	1,200,000	100.0	US\$ 1,218 thousand	US\$ 15 thousand	US\$ 15 thousand	Notes 1 and 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 10,500 thousand	US\$ 10,500 thousand	10,500,000	100.0	US\$ 11,003 thousand	US\$ 754 thousand	US\$ 754 thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 5,100 thousand	US\$ 5,100 thousand	5,100,000	100.0	US\$ 43,118 thousand	US\$ 3,478 thousand	US\$ 3,478 thousand	Notes 1 and 3
	Perpetual Prosperity Printing Technology Co., Ltd.	British Virgin Islands	Sale of various paper products	US\$ 4,500 thousand	US\$ 4,500 thousand	4,500,000	45.0	US\$ 4,251 thousand	US\$ (370) thousand	US\$ (166) thousand	-
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Vietnam	Manufacture and sale of cardboard	US\$ 1,200 thousand	US\$ 1,200 thousand	1,200,000	100.0	US\$ 1,876 thousand	US\$ 106 thousand	US\$ 106 thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 6,285 thousand	US\$ 6,285 thousand	10,000,000	100.0	US\$ 23,296 thousand	US\$ 1,713 thousand	US\$ 1,713 thousand	Notes 1 and 3
YFY International Labuan Co., Ltd.	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 4,444 thousand	US\$ 4,444 thousand	4,571,427	35.0	US\$ 9,563 thousand	US\$ 732 thousand	US\$ 256 thousand	Note 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	US\$ 165,754 thousand	US\$ 165,754 thousand	410,150,000	100.0	US\$ 219,099 thousand	US\$ 1,435 thousand	US\$ 1,435 thousand	Notes 1 and 3
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Hong Kong, China	Investment and holding	HK\$ 10 thousand	HK\$ 10 thousand	10,000	100.0	US\$ 10,568 thousand	US\$ 2,926 thousand	US\$ 2,926 thousand	Notes 1 and 3
	YFY Jupiter Limited	Hong Kong, China	Design of packaging and sale of paper	-	-	3	100.0	US\$ 761 thousand	US\$ (1,294) thousand	US\$ (1,294) thousand	Notes 1 and 3
	Jupiter Prestige Group Holdings Limited	United Kingdom	Investment and holding	GBP 100 thousand	GBP 100 thousand	86,163	57.0	US\$ 4,483 thousand	US\$ (125) thousand	US\$ (71) thousand	Notes 1 and 3
	YFY Jupiter US, Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	-	US\$ 785 thousand	US\$ 447 thousand	Notes 1, 2 and 3
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	-	-	99	99.0	US\$ 103 thousand	US\$ 82 thousand	US\$ 81 thousand	Notes 1 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 25,000 thousand	IDR 25,000 thousand	25	1.0	US\$ 1 thousand	US\$ 417 thousand	US\$ 4 thousand	Note 3
YFY Jupiter US, Inc.	Innovativ Packaging Worldwide, LLC	USA	Design of packaging and sale of paper	-	-	100,000	100.0	-	US\$ (39) thousand	US\$ (39) thousand	Notes 1, 2 and 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	-	-	-	1.0	-	US\$ (401) thousand	US\$ (4) thousand	Notes 2 and 3
	Spectiv Brands, LLC	USA	General trade	-	-	-	100.0	-	US\$ (245) thousand	US\$ (245) thousand	Notes 1, 2 and 3
Mobius105 Ltd.	GST Packaging Ltd.	Hong Kong, China	General trade	-	HK\$ 4 thousand	-	-	-	-	-	-
	YJY Packaging Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 136 thousand	US\$ 76 thousand	US\$ 9 thousand	-
	JLD Logistics Ltd.	Hong Kong, China	General trade	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 66 thousand	US\$ 10 thousand	US\$ 2 thousand	-
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	-	-	1	1.0	US\$ 1 thousand	US\$ 82 thousand	US\$ 1 thousand	Note 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	MXN 3 thousand	MXN 3 thousand	-	99.0	-	US\$ (401) thousand	US\$ (397) thousand	Notes 1, 2 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 2,475,000 thousand	IDR 2,475,000 thousand	2,475	99.0	US\$ 55 thousand	US\$ 417 thousand	US\$ 413 thousand	Notes 1 and 3
	Jupiter Vietnam Company Limited	Vietnam	Design of packaging	VND 1,129,700 thousand	VND 1,129,700 thousand	-	100.0	US\$ 44 thousand	US\$ 43 thousand	US\$ 43 thousand	Notes 1 and 3
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	United Kingdom	Graphic design	GBP 30 thousand	GBP 30 thousand	30,000	100.0	US\$ 5,969 thousand	US\$ 1,067 thousand	US\$ 1,067 thousand	Notes 1 and 3
	Jupiter Prestige Group North America Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	US\$ 466 thousand	US\$ (291) thousand	US\$ (291) thousand	Notes 1 and 3
	Jupiter Prestige Group Australia Pty Ltd.	Australia	Graphic design	-	-	100	100.0	-	US\$ 9 thousand	US\$ 9 thousand	Notes 1, 2 and 3
	Opal BPM Limited	United Kingdom	Design of process system and assistance of graphic design	GBP 1 thousand	GBP 1 thousand	825	82.5	US\$ 1,495 thousand	US\$ 283 thousand	US\$ 234 thousand	Notes 1 and 3
	Foster and Balyis (Prestige) Limited	United Kingdom	Graphic design	-	-	300	33.3	US\$ 483 thousand	-	-	-
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design	-	-	100	100.0	US\$ 4,016 thousand	US\$ 1,278 thousand	US\$ 1,278 thousand	Notes 1 and 3
Jupiter Prestige Group North America Inc.	Clemtel LLC	USA	Brand Design	US\$ 1 thousand	US\$ 1 thousand	-	60.0	US\$ 297 thousand	US\$ 496 thousand	US\$ 297 thousand	Notes 1 and 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Opal BPM Limited	Opal BPM India Private Limited	India	Workflow system coding	INR 100 thousand	INR 100 thousand	10,000	100.0	US\$ 54 thousand	US\$ 14 thousand	US\$ 14 thousand	Notes 1 and 3
	Opal BPM Consulting Limited	United Kingdom	Consulting services of workflow system coding	GBP 1 thousand	GBP 1 thousand	1,000	100.0	US\$ 1 thousand	-	-	Notes 1 and 3
YFY Packaging Inc.	YFY Packaging (BVI) Corp. Pek Crown Paper Co., Ltd.	British Virgin Islands Taichung, Taiwan	Investment and holding Manufacture and sale of containers	5,263,223 234,666	5,263,223 234,666	165,050,000 20,027,557	100.0 66.8	3,518,432 293,672	(137,721) 12,495	(137,721) 8,809	Notes 1 and 3 Notes 1 and 3
YFY Packaging (BVI) Corp.	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 165,000 thousand	US\$ 165,000 thousand	165,000,000	51.2	US\$ 111,925 thousand	US\$ (8,707) thousand	US\$ (4,455) thousand	Notes 1 and 3
YFY Global Investment BVI Corp.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	US\$ 25,600 thousand	US\$ 25,600 thousand	25,600,000	100.0	US\$ 90,008 thousand	US\$ 5,222 thousand	US\$ 5,222 thousand	Notes 1 and 3
	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 5,922 thousand	US\$ 5,764 thousand	5,670,310	43.4	US\$ 11,620 thousand	US\$ 732 thousand	US\$ 320 thousand	Notes 1 and 3
	YFY RFID Technologies Co., Ltd.	British Virgin Islands	Investment and holding	US\$ 5,330 thousand	US\$ 5,330 thousand	5,330,000	100.0	-	US\$ (35) thousand	US\$ (35) thousand	Notes 1, 2 and 3
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Taipei, Taiwan	Sale and design of RFID (radio frequency identification) products	US\$ 2,035 thousand	US\$ 2,035 thousand	6,000,001	100.0	-	US\$ (34) thousand	US\$ (34) thousand	Notes 1, 2 and 3
Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.)	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Product distribution and R&D services	US\$ 3,000 thousand	US\$ 3,000 thousand	3,000,000	100.0	RMB 18,321 thousand	RMB (4,304) thousand	RMB (4,304) thousand	Notes 1 and 3
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment and holding	3,543,004	3,543,004	150,013,000	100.0	2,553,747	35,536	35,536	Notes 1 and 3
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	222,422	15,635	15,009	Notes 1 and 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper	25,000	25,000	2,500,000	50.0	18,552	9,815	2,687	Notes 1 and 3
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong, China	General trade	-	-	-	100.0	-	-	-	Notes 1 and 3
YFY Capital Co., Ltd.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	16,809	16,809	1,181,633	0.1	16,793	81,337	87	Note 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	15,672	15,672	267,000	-	16,812	1,322,703	313	-
YFY Venture Capital Investment Co., Ltd.	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	412,244	412,244	23,059,296	2.0	615,685	1,322,703	26,987	-
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	29,073	53,130	2,907,274	3.9	57,016	(265,791)	(10,461)	-
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	7,000	7,000	700,000	1.0	5,860	(103,173)	(1,032)	Note 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine 2. Manufacture and wholesale of chemical material 3. Medicine testing	1,660	1,660	165,972	2.6	2,620	(2,298)	(60)	-
YFY Paradigm Investment Co., Ltd.	Union Paper Co., Ltd.	Yunlin, Taiwan	Manufacture and sale of paper	46,447	46,447	4,283,232	4.1	48,965	(21,626)	(895)	Note 3
	YFY Biotech Management Company	Taipei, Taiwan	Consulting	10,000	10,000	3,570,000	100.0	361,962	317,298	317,298	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	296,300	296,300	6,094,000	0.5	305,938	1,322,703	7,132	-
	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	77,666	77,666	7,635,485	0.7	108,569	81,337	563	Note 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper	25,000	25,000	2,500,000	50.0	24,676	9,815	4,908	Note 3
Lotus Ecoscings & Engineering Co., Ltd.	Livebricks Inc.	Taipei, Taiwan	Information processing services	77,000	77,000	7,700,002	100.0	2,100	264	264	Notes 1 and 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine 2. Manufacture and wholesale of chemical material 3. Medicine testing	450	450	43,408	0.7	685	(2,298)	(16)	-
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	73,961	73,961	1,778,000	0.2	78,954	1,322,703	2,081	-
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	107	107	9,000	0.07	102	3,271	2	Note 3
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	141	141	10,000	0.03	148	12,495	4	Note 3
Chung Hwa Pulp Corporation	Chung Hwa Pulp Corporation	Hualien, Taiwan	Pulp and paper production, trading and forestry business	1,226	1,226	117,247	0.01	1,662	81,337	9	Note 3
	CHP International (BVI) Corporation	British Virgin Islands	Investment and holding	1,747,085	1,747,085	61,039,956	100.0	5,474,776	47,311	46,973	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	287,098	(103,173)	(50,555)	Note 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	32,832	60,000	3,283,200	4.4	73,792	(265,791)	(11,857)	-
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	3,600,000	100.0	50,899	643	643	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	329,000	329,000	20,000,000	1.8	400,289	1,322,703	23,407	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong, China	Sale and print of paper merchandise	US\$ 466 thousand	\$ -	34,000,000	100.0	US\$ 460 thousand	US\$ 21 thousand	US\$ 21 thousand	Notes 1 and 3
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	7,000	7,000	700,000	1.0	5,859	(103,173)	(1,032)	Note 3
	Genovella Renewables Inc. (originally named as Kuang Hwa Fertilizer Limited Company)	Hualien, Taiwan	To produce fertilizer	5,000	5,000	-	100.0	8,707	1,731	1,731	Notes 1 and 3
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	British Virgin Islands	Investment and holding	243,625	243,625	8,060	100.0	203,437	(105,225)	(105,225)	Notes 1 and 3
	YFY Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.0	-	(32,309)	-	-

Note 1:     Subsidiary.

Note 2:     The amount was recognized as a deduction from investments accounted for using the equity method and accounted for as other liabilities.

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

(Concluded)

**TABLE 9**

**YFY INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Informational 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, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019 (Note 1)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2019 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2019
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 155,300 (US\$ 5,000 thousand)	a.(a)	\$ 46,590 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 46,590 (US\$ 1,500 thousand)	\$ (9,673)	100.0	\$ (9,673) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	341,660 (US\$ 11,000 thousand)	a.(a)	217,420 (US\$ 7,000 thousand)	-	-	217,420 (US\$ 7,000 thousand)	30,779	100.0	30,779 (Note 2)	551,601	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	217,420 (US\$ 7,000 thousand)	a.(a)	217,420 (US\$ 7,000 thousand)	-	-	217,420 (US\$ 7,000 thousand)	22,319	100.0	22,319 (Note 2)	206,793	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	248,480 (US\$ 8,000 thousand)	a.(a)	248,480 (US\$ 8,000 thousand)	-	-	248,480 (US\$ 8,000 thousand)	27,182	100.0	27,182 (Note 2)	770,468	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	186,360 (US\$ 6,000 thousand)	a.(a)	62,120 (US\$ 2,000 thousand)	-	-	62,120 (US\$ 2,000 thousand)	18,359	100.0	18,359 (Note 2)	444,926	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	248,480 (US\$ 8,000 thousand)	a.(a)	251,990 (US\$ 8,113 thousand)	-	-	251,990 (US\$ 8,113 thousand)	29,080	100.0	29,080 (Note 2)	315,224	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	248,480 (US\$ 8,000 thousand)	a.(a)	248,480 (US\$ 8,000 thousand)	-	-	248,480 (US\$ 8,000 thousand)	29,310	100.0	29,310 (Note 2)	925,037	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	309,327 (US\$ 9,959 thousand)	a.(q)	279,540 (US\$ 9,000 thousand)	-	-	279,540 (US\$ 9,000 thousand)	29,996	100.0	29,996 (Note 2)	403,781	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	295,070 (US\$ 9,500 thousand)	a.(a)	232,950 (US\$ 7,500 thousand)	-	-	232,950 (US\$ 7,500 thousand)	15,817	93.8	14,829 (Note 2)	446,040	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	201,890 (US\$ 6,500 thousand)	a.(a)	201,890 (US\$ 6,500 thousand)	-	-	201,890 (US\$ 6,500 thousand)	(8,796)	100.0	(8,796) (Note 2)	-	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	186,360 (US\$ 6,000 thousand)	a.(a)	149,088 (US\$ 4,800 thousand)	-	-	149,088 (US\$ 4,800 thousand)	31,596	100.0	31,596 (Note 2)	936,502	-

(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, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019 (Note 1)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2019 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2019
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 155,300 (US\$ 5,000 thousand)	a.(a)	\$ 155,300 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 155,300 (US\$ 5,000 thousand)	\$ (9,385)	100.0	\$ (9,385) (Note 2)	\$ 144,292	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	2,693,119 (US\$ 86,707 thousand)	a.(a)	2,702,220 (US\$ 87,000 thousand)	-	-	2,702,220 (US\$ 87,000 thousand)	(189,355)	100.0	(189,355) (Note 2)	378,361	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	7,600,227 (US\$ 244,695 thousand)	a.(b)	7,609,700 (US\$ 245,000 thousand)	-	-	7,609,700 (US\$ 245,000 thousand)	(431,837)	100.0	(431,837) (Note 2)	1,885,811	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	462,794 (US\$ 14,900 thousand)	a.(c)	435,026 (US\$ 14,006 thousand)	-	-	435,026 (US\$ 14,006 thousand)	(22,920)	94.0	(21,544) (Note 6)	-	-
YFY Firstpak Packaging (Yangzhou) Co., Ltd.	Manufacture and sale of product packaging; design, manufacture and sale of packaging equipment and molding equipment	-	a.(d)	-	-	-	-	(24,778)	70.0	(17,345) (Note 8)	-	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	248,480 (US\$ 8,000 thousand)	a.(c)	248,480 (US\$ 8,000 thousand)	-	-	248,480 (US\$ 8,000 thousand)	(19,829)	100.0	(19,829) (Note 6)	95,393	-
Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisement	93,180 (US\$ 3,000 thousand)	a.(f)	-	-	-	-	(6,754)	100.0	(6,754) (Note 2)	-	-
Shanghai YFY Advertising and Printing Co., Ltd.	Printing of publications	9,036 (RMB 2,000 thousand)	a.(g)	-	-	-	-	70	51.0	36 (Note 2)	143	-
Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.)	Sale and design of RFID (radio frequency identification) products	877,805 (RMB 194,290 thousand)	a.(h)	788,676 (US\$ 25,392 thousand)	-	-	788,676 (US\$ 25,392 thousand)	183,273	86.5	158,556 (Note 6)	2,570,945	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	36,144 (RMB 8,000 thousand)	a.(i)	-	-	-	-	(1,931)	86.5	(1,670) (Note 6)	45,156	-
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	4,348 (US\$ 140 thousand)	a.(j)	-	-	-	-	62,925	78.4	49,344 (Note 6)	226,105	-
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	9,036 (RMB 2,000 thousand)	a.(k)	-	-	-	-	25,138	78.4	19,712 (Note 6)	129,597	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	-	a.(k)	-	-	-	-	4,975	78.4	3,901 (Note 6)	13,519	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,777 (RMB 1,500 thousand)	a.(k)	-	-	-	-	(310)	27.5	(85) (Note 6)	2,097	-

(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, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019 (Note 1)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2019 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2019
					Outward	Inward						
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	\$ -	a.(k)	\$ -	\$ -	\$ -	\$ -	\$ (172)	27.5	\$ (47) (Note 6)	\$ -	\$ -
Chengdu YongJunYu Environmental Protection packing Co., Ltd.	General trade	9,036 (RMB 2,000 thousand)	a.(k)	-	-	-	-	13	27.5	4 (Note 6)	1,012	-
Chengdu JingShiTong Packing Co., Ltd.	General trade	6,777 (RMB 1,500 thousand)	a.(k)	-	-	-	-	-	27.5	- (Note 6)	2,920	-
YFY Investment Co., Ltd.	Investment and holding and sale of paper	3,571,900 (US\$ 115,000 thousand)	a.(l)	3,571,900 (US\$ 115,000 thousand)	-	-	3,571,900 (US\$ 115,000 thousand)	30,698	100.0	30,698 (Note 2)	1,553,635	-
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	931,800 (US\$ 30,000 thousand)	a.(m)	931,800 (US\$ 30,000 thousand)	-	-	931,800 (US\$ 30,000 thousand)	(7,500)	100.0	(7,500) (Note 2)	451,131	-
YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	1,087,100 (US\$ 35,000 thousand)	a.(m)	1,087,100 (US\$ 35,000 thousand)	-	-	1,087,100 (US\$ 35,000 thousand)	(7,361)	100.0	(7,361) (Note 2)	464,806	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	931,800 (US\$ 30,000 thousand)	a.(m)	931,800 (US\$ 30,000 thousand)	-	-	931,800 (US\$ 30,000 thousand)	20,730	100.0	20,730 (Note 2)	1,028,275	-
Shanghai YFY International Trade Co., Ltd.	General trade	4,518 (RMB 1,000 thousand)	b.(a)	4,518 (RMB 1,000 thousand)	-	-	4,518 (RMB 1,000 thousand)	(67)	100.0	(67) (Note 6)	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production and trading business	2,659,668 (US\$ 85,630 thousand)	a.(n)	683,320 (US\$ 22,000 thousand)	-	-	683,320 (US\$ 22,000 thousand)	53,931	74.6	40,256 (Note 2)	3,866,452	-
Zhaoqing Dingfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	679,593 (US\$ 21,880 thousand)	a.(o)	229,223 (US\$ 7,380 thousand)	-	-	229,223 (US\$ 7,380 thousand)	3,822	74.6	2,852 (Note 6)	2,224,102	-
Shenzhen JingLun Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,458 (RMB 3,200 thousand)	a.(e)	-	-	-	-	8,729	74.6	6,516 (Note 6)	85,305	-
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform	225,901 (RMB 50,000 thousand)	a.(p)	225,901 (RMB 50,000 thousand)	-	-	225,901 (RMB 50,000 thousand)	(105,226)	78.9	(82,991) (Note 6)	160,239	-
Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	39,136 (US\$ 1,260 thousand)	b.(b)	25,966 (US\$ 836 thousand)	-	-	25,966 (US\$ 836 thousand)	1,821	66.4	1,208 (Note 6)	32,861	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019 (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
\$17,997,640	\$20,868,660	\$38,895,485

Note 1: Except for investment gain or loss which use exchange rates of US\$1 = \$30.983 or RMB1 = \$4.569213 or EUR1 = \$35.001667, the exchange rates are US\$1 = \$31.06 or RMB1 = \$4.518015 or EUR1 = \$35.38 as of June 30, 2019.

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

Note 3: Difference between the amount of the paid-in capital multiplied by percentage of ownership and the cumulative amount of investment export from Taiwan in the end of year: Guangdong Dingfung Pulp & Paper Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. are capitalization of 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. is indirect acquired due to the acquirement of YFY Jupiter (BVI) Inc.

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

- a. Investment in mainland China through companies set up in another country. The related investors are as follow:  
  
(a) YFY Mauritius Corp. (b) YFY Maruitius Corp. and YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY International BVI Corp. (d) Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd. (e) Guangdong Dingfung Pulp & Paper Co., Ltd. (f) YFY Paper Enterprise (Xiamen) Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. (g) Kunshan YFY Advertising and Printing Co., Ltd. (h) YFY RFID Co., Ltd. (i) Arizon RFID Technology Co., Ltd. (originally named as Arizon RFID Technologies (Yangzhou) Co., Ltd.) (j) Mobius105 Ltd. (k) YFY Jupiter (Shenzhen) Ltd. (l) Yuen Foong Yu Consumer Products Investment Limited (m) YFY investment Co., Ltd. (n) YFY International BVI Corp. and CHP International (BVI) Corporation (o) YFY International BVI Corp., CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. (p) YFY Capital Holdings Corp. (q) YFY Maruitius Corp. and YFY Paper Enterprise (Kunshan) Co., Ltd.
- b. Direct investment in mainland China and the investors are as follow:  
  
(a) Yuen Foong Shop Co., Ltd. (b) San Ying Enterprise Co., Ltd.

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$3,789,258 thousand made by investor of mainland China has been deducted.

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

Note 7: Except for Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd., Chengdu YongJunYu Environmental Protection Packing Co., Ltd. and Chengdu JingShiTong Packing Co., Ltd. investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss of those investments have been eliminated in preparing the consolidated financial statements.

Note 8: Entered into bankruptcy process in May 2019; therefore, the profit (loss) was only recognized until the end of April.

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

(Concluded)

**TABLE 10**

**YFY INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Subsidiary	Sales	\$ 345,289	By market price	1.0
				Accounts receivable	113,900	3 months after transaction month	0.1
		Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	767,568	By market price	2.1
				Accounts receivable	286,756	2 months after transaction month	0.2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Sales	538,084	By market price	1.5
				Accounts receivable	503,095	In agreed terms	0.4
2	Chung Hwa Pulp Corporation	YFY Packaging Inc.	The same ultimate parent company	Sales	170,280	By market price	0.5
		YFY Capital Co., Ltd.	The same ultimate parent company	Sales	400,917	By market price	1.1
		Shenzhen JingLun Paper Co., Ltd.	The same ultimate parent company	Sales	537,502	By market price	1.5
				Accounts receivable	680,595	5 months after transaction month	0.6
		Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Sales	451,151	By market price	1.2
				Accounts receivable	209,624	2 months after transaction month	0.2
		Union Paper Co., Ltd.	The same ultimate parent company	Sales	463,892	By market price	1.3
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	105,102	By market price	0.3
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	349,876	By market price	1.0
5	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	666,074	By market price	1.8
				Accounts receivable	209,257	In agreed terms	0.2
6	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	199,222	By market price	0.5
7	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	1,072,713	By market price	3.0
				Accounts receivable	409,268	In agreed terms	0.3
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	153,165	By market price	0.5
8	YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	260,509	By market price	0.7
9	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Sales	2,849,723	By market price	7.8
				Accounts receivable	899,148	In agreed terms	0.7
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company	Sales	305,150	By market price	0.8
		YFY Paper Enterprise (Tianjin) Co., Ltd.	The same ultimate parent company	Sales	260,168	By market price	0.7
		YFY Paper Enterprise (Xiamen) Co., Ltd.	The same ultimate parent company	Sales	201,058	By market price	0.6
		YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company	Sales	181,840	By market price	0.5
				Accounts receivable	105,205	In agreed terms	0.1
		YFY Paper Enterprise (Qingdao) Co., Ltd.	The same ultimate parent company	Sales	160,040	By market price	0.4

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
		YFY Paper Enterprise (Zhongshan) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd.	The same ultimate parent company The same ultimate parent company	Sales Sales	\$ 173,611 108,986	By market price By market price	0.5 0.3
10	YFY International BVI Corp.	YFY Investment Co., Ltd.	The same ultimate parent company	Accounts receivable	626,914	In agreed terms	0.5
11	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	604,429 281,356	By market price 2 months after transaction month	1.7 0.2
12	Guangdong Dingfung Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales	544,276	By market price	1.5
13	Zhaoqing Dingfung Forestry Co., Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Accounts receivable	103,051	Open account 120 days	0.1
14	YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	238,084	By market price	0.7
15	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company	Sales Sales Sales Sales	233,466 203,288 239,158 101,459	By market price By market price By market price By market price	0.6 0.6 0.7 0.3
16	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Sales	126,329	By market price	0.3
17	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Parent company	Sales	100,650	By market price	0.3
18	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Subsidiary	Sales	116,680	By market price	0.3

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

(Concluded)