

**Chung Hwa Pulp Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

### INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Chung Hwa Pulp Corporation

#### Introduction

We have reviewed the accompanying consolidated balance sheets of Chung Hwa Pulp Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related 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 consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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 Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, combined total assets of these subsidiaries were NT\$5,457,483 thousand and NT\$4,842,013 thousand, respectively, representing 15% and 14%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$604,468 thousand and NT\$573,572 thousand, respectively, both representing 3%, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were NT\$15,549 thousand and NT\$7,875 thousand, respectively, representing 2% and (5%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of March 31, 2024 and 2023, investments accounted for using the equity method of the Group were NT\$110,081 thousand and NT\$108,898 thousand, respectively; for the three months ended March 31, 2024 and 2023, shares of comprehensive income (loss) recognized were a gain of NT\$589 thousand and a loss of NT\$(1,165) thousand, respectively; as well as the related information of investments disclosed in Note 30 to the consolidated financial statements which was based on the investees' unreviewed financial statements for the same reporting periods.

## 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 other investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ review report are Shiow-Ming Shue and Hui-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 13, 2024

## 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.*

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,252,656	3	\$ 871,911	3	\$ 799,772	2
Financial assets at fair value through profit or loss (Note 7)	43,450	-	61,791	-	17,901	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 27)	2,399,589	7	2,183,460	6	1,803,794	5
Financial assets at amortized cost - current (Note 10)	7,000	-	344,755	1	383,625	1
Notes and accounts receivable (Note 11)	3,117,916	9	2,878,725	8	3,339,255	10
Notes and accounts receivable from related parties (Note 27)	324,829	1	308,985	1	465,953	1
Inventories (Note 12)	5,769,346	16	5,508,496	16	5,268,850	15
Biological assets (Note 13)	3,544,493	10	3,339,318	9	3,294,202	9
Other current assets	<u>867,149</u>	<u>2</u>	<u>755,539</u>	<u>2</u>	<u>1,070,585</u>	<u>3</u>
Total current assets	<u>17,326,428</u>	<u>48</u>	<u>16,252,980</u>	<u>46</u>	<u>16,443,937</u>	<u>46</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	492,300	2	451,021	1	458,637	1
Financial assets at amortized cost - non-current (Note 10)	90,204	-	86,704	-	88,624	-
Investments accounted for using the equity method (Note 15)	850,330	2	871,615	3	718,102	2
Property, plant and equipment (Note 16)	15,646,847	43	15,677,388	44	16,004,096	45
Right-of-use assets (Note 17)	478,440	1	458,510	1	473,483	1
Investment properties (Note 18)	755,208	2	755,275	2	755,476	2
Deferred tax assets (Note 23)	281,580	1	281,426	1	127,423	1
Prepayments for equipment	79,255	-	102,962	-	136,675	1
Net defined benefit asset (Note 20)	351,713	1	351,695	1	366,145	1
Other non-current assets	<u>124,157</u>	<u>-</u>	<u>139,651</u>	<u>1</u>	<u>122,631</u>	<u>-</u>
Total non-current assets	<u>19,150,034</u>	<u>52</u>	<u>19,176,247</u>	<u>54</u>	<u>19,251,292</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 36,476,462</u>	<u>100</u>	<u>\$ 35,429,227</u>	<u>100</u>	<u>\$ 35,695,229</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 19)	\$ 4,118,870	11	\$ 3,305,705	9	\$ 3,526,500	10
Short-term bills payable (Note 19)	7,980,917	22	7,780,171	22	8,326,968	23
Financial liabilities at fair value through profit or loss - current (Note 7)	22,959	-	3,768	-	13,348	-
Financial liabilities for hedging - current (Note 9)	1,053	-	4,155	-	-	-
Notes and accounts payable	1,629,102	4	1,565,036	5	1,590,201	5
Notes and accounts payable to related parties (Note 27)	249,413	1	276,116	1	236,880	1
Other payables	927,280	3	1,016,203	3	1,163,886	3
Current tax liabilities (Note 23)	842	-	615	-	2,221	-
Lease liabilities - current (Notes 17 and 27)	31,857	-	28,891	-	30,573	-
Other current liabilities (Note 27)	<u>391,242</u>	<u>1</u>	<u>381,867</u>	<u>1</u>	<u>397,816</u>	<u>1</u>
Total current liabilities	<u>15,353,535</u>	<u>42</u>	<u>14,362,527</u>	<u>41</u>	<u>15,288,393</u>	<u>43</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 19)	621,127	2	1,270,467	4	491,588	1
Deferred tax liabilities (Note 23)	2,075,915	6	2,075,915	6	2,073,441	6
Lease liabilities - non-current (Notes 17 and 27)	35,458	-	31,476	-	27,074	-
Other non-current liabilities	<u>224,220</u>	<u>-</u>	<u>204,948</u>	<u>-</u>	<u>213,449</u>	<u>1</u>
Total non-current liabilities	<u>2,956,720</u>	<u>8</u>	<u>3,582,806</u>	<u>10</u>	<u>2,805,552</u>	<u>8</u>
Total liabilities	<u>18,310,255</u>	<u>50</u>	<u>17,945,333</u>	<u>51</u>	<u>18,093,945</u>	<u>51</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>						
Share capital	<u>11,028,353</u>	<u>30</u>	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>31</u>
Capital surplus	<u>40,148</u>	<u>-</u>	<u>39,116</u>	<u>-</u>	<u>35,909</u>	<u>-</u>
Retained earnings						
Legal reserve	316,847	1	316,847	1	268,212	1
Special reserve	1,186,894	3	1,186,894	3	1,186,894	3
Unappropriated earnings	<u>1,532,220</u>	<u>4</u>	<u>1,483,204</u>	<u>4</u>	<u>1,959,534</u>	<u>6</u>
Total retained earnings	<u>3,035,961</u>	<u>8</u>	<u>2,986,945</u>	<u>8</u>	<u>3,414,640</u>	<u>10</u>
Other equity	<u>1,762,414</u>	<u>5</u>	<u>1,247,798</u>	<u>4</u>	<u>903,192</u>	<u>2</u>
Treasury shares	<u>(136,726)</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>
Total equity attributable to owners of the Company	15,730,150	43	15,165,486	43	15,245,368	43
<b>NON-CONTROLLING INTERESTS</b>	<u>2,436,057</u>	<u>7</u>	<u>2,318,408</u>	<u>6</u>	<u>2,355,916</u>	<u>6</u>
Total equity	<u>18,166,207</u>	<u>50</u>	<u>17,483,894</u>	<u>49</u>	<u>17,601,284</u>	<u>49</u>
<b>TOTAL</b>	<u>\$ 36,476,462</u>	<u>100</u>	<u>\$ 35,429,227</u>	<u>100</u>	<u>\$ 35,695,229</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 13, 2024)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)				
Sales	\$ 5,254,149	100	\$ 5,468,737	100
Sales returns and allowances	<u>36,722</u>	<u>1</u>	<u>47,841</u>	<u>1</u>
Net sales	5,217,427	99	5,420,896	99
Other operating revenue	<u>65,368</u>	<u>1</u>	<u>44,195</u>	<u>1</u>
Total operating revenue	<u>5,282,795</u>	<u>100</u>	<u>5,465,091</u>	<u>100</u>
OPERATING COSTS (Notes 12, 20, 22 and 27)				
Cost of goods sold	4,700,845	89	5,107,142	93
Other operating cost	<u>43,897</u>	<u>1</u>	<u>31,521</u>	<u>1</u>
Total operating costs	<u>4,744,742</u>	<u>90</u>	<u>5,138,663</u>	<u>94</u>
GAIN (LOSS) FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Note 13)	<u>326</u>	<u>-</u>	<u>(314)</u>	<u>-</u>
GROSS PROFIT	<u>538,379</u>	<u>10</u>	<u>326,114</u>	<u>6</u>
OPERATING EXPENSES (Notes 20, 22 and 27)				
Selling and marketing	394,864	7	345,118	6
General and administrative	86,139	2	83,846	1
Research and development	<u>42,019</u>	<u>1</u>	<u>41,663</u>	<u>1</u>
Total operating expenses	<u>523,022</u>	<u>10</u>	<u>470,627</u>	<u>8</u>
PROFIT (LOSS) FROM OPERATIONS	<u>15,357</u>	<u>-</u>	<u>(144,513)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 22 and 27)	(65,987)	(1)	(54,956)	(1)
Share of profit of associates (Note 15)	23,775	1	29,614	1
Interest income (Note 27)	10,780	-	7,226	-
Gain from bargain purchase (Note 15)	-	-	5,454	-
Other income (Note 27)	40,898	1	29,470	-
Gain on disposal of property, plant and equipment	400	-	60	-
Gain on disposal of investments	22	-	-	-
Foreign exchange gain	76,342	1	13,933	-
Loss on financial instruments at FVTPL	(37,918)	(1)	(20,814)	-
Other losses	<u>(1,661)</u>	<u>-</u>	<u>(386)</u>	<u>-</u>
Total non-operating income and expenses	<u>46,651</u>	<u>1</u>	<u>9,601</u>	<u>-</u>

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# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX	\$ 62,008	1	\$ (134,912)	(2)
INCOME TAX EXPENSE (Notes 4 and 23)	(452)	-	(713)	-
NET PROFIT (LOSS) FOR THE PERIOD	61,556	1	(135,625)	(2)
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at FVTOCI	257,408	5	(40,866)	(1)
Share of the other comprehensive income of associates	26,271	1	5,789	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	312,765	6	12,887	-
Loss on hedging instruments	(3,092)	-	-	-
Share of the other comprehensive income (loss) of associates	17,360	-	(9,528)	-
Other comprehensive income (loss) for the period, net of income tax	610,712	12	(31,718)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 672,268	13	\$ (167,343)	(3)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 46,706	1	\$ (170,052)	(3)
Non-controlling interests	14,850	-	34,427	1
	\$ 61,556	1	\$ (135,625)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 563,385	11	\$ (213,091)	(4)
Non-controlling interests	108,883	2	45,748	1
	\$ 672,268	13	\$ (167,343)	(3)

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# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ 0.04</u>		<u>\$ (0.16)</u>	
Diluted	<u>\$ 0.04</u>			

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

(With Deloitte & Touche auditors' review report dated May 13, 2024)

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 4 and 21)													
								Other Equity						
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive (Loss) Income	Loss on Hedging Instrument	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2023	1,102,835	\$ 11,028,353	\$ 35,632	\$ 268,212	\$ 1,186,894	\$ 2,456,364	\$ 3,911,470	\$ (153,000)	\$ 1,098,713	\$ -	\$ (136,726)	\$ 15,784,442	\$ 2,310,168	\$ 18,094,610
Appropriation of 2022 earnings Cash dividends distributed by the Company	-	-	-	-	-	(326,067)	(326,067)	-	-	-	-	(326,067)	-	(326,067)
Adjustments for the changes in equity of associates	-	-	277		-	(193)	(193)		-	-	-	84	-	84
Net (loss) profit for the three months ended March 31, 2023	-	-	-	-	-	(170,052)	(170,052)	-	-	-	-	(170,052)	34,427	(135,625)
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(7,962)	(35,077)	-	-	(43,039)	11,321	(31,718)
Total comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	(170,052)	(170,052)	(7,962)	(35,077)	-	-	(213,091)	45,748	(167,343)
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	(518)	(518)	-	518	-	-	-	-	-
BALANCE AT MARCH 31, 2023	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 35,909</u>	<u>\$ 268,212</u>	<u>\$ 1,186,894</u>	<u>\$ 1,959,534</u>	<u>\$ 3,414,640</u>	<u>\$ (160,962)</u>	<u>\$ 1,064,154</u>	<u>\$ -</u>	<u>\$ (136,726)</u>	<u>\$ 15,245,368</u>	<u>\$ 2,355,916</u>	<u>\$ 17,601,284</u>
BALANCE AT JANUARY 1, 2024	1,102,835	\$ 11,028,353	\$ 39,116	\$ 316,847	\$ 1,186,894	\$ 1,483,204	\$ 2,986,945	\$ (220,748)	\$ 1,474,580	\$ (6,034)	\$ (136,726)	\$ 15,165,486	\$ 2,318,408	\$ 17,483,894
Adjustments for the changes in equity of associates	-	-	1,040	-	-	247	247	-	-	-	-	1,287	-	1,287
Unclaimed dividends reversed	-	-	(8)	-	-	-	-	-	-	-	-	(8)	-	(8)
Net profit for the three months ended March 31, 2024	-	-	-	-	-	46,706	46,706	-	-	-	-	46,706	14,850	61,556
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	-	236,092	283,679	(3,092)	-	516,679	94,033	610,712
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	46,706	46,706	236,092	283,679	(3,092)	-	563,385	108,883	672,268
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	8,766	8,766
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	2,063	2,063	-	(2,063)	-	-	-	-	-
BALANCE AT MARCH 31, 2024	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 40,148</u>	<u>\$ 316,847</u>	<u>\$ 1,186,894</u>	<u>\$ 1,532,220</u>	<u>\$ 3,035,961</u>	<u>\$ 15,344</u>	<u>\$ 1,756,196</u>	<u>\$ (9,126)</u>	<u>\$ (136,726)</u>	<u>\$ 15,730,150</u>	<u>\$ 2,436,057</u>	<u>\$ 18,166,207</u>

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

(With Deloitte & Touche auditors’ review report dated May 13, 2024)



# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 62,008	\$ (134,912)
Adjustments for:		
Depreciation and amortization expenses	299,415	306,136
Loss on financial instruments at FVTPL	37,918	20,814
Finance costs	65,987	54,956
Interest income	(10,780)	(7,226)
Share of profit of associates	(23,775)	(29,614)
Gain on disposal of property, plant and equipment	(400)	(60)
Gain on disposal of investments	(22)	-
Reversal of write-downs of inventories	(4,319)	(5,748)
Unrealized gain on foreign currency exchange	(33,289)	(16,936)
(Loss) gain on changes in fair value less costs to sell of biological assets	(326)	314
Gain from bargain purchase	-	(5,454)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	801	(8,482)
Notes and accounts receivable	(155,609)	(48,701)
Notes and accounts receivable from related parties	(14,948)	17,282
Inventories	(221,691)	(271,952)
Biological assets	(68,753)	(22,784)
Other current assets	1,955	(71,006)
Net defined benefit asset	(18)	(79)
Notes and accounts payable	55,467	(171,161)
Notes and accounts payable to related parties	(26,558)	(14,318)
Other payables	(73,308)	(151,229)
Other current liabilities	(39,718)	9,512
Cash used in operations	(149,963)	(550,648)
Interest received	6,711	2,588
Interest paid	(63,091)	(60,409)
Income tax paid	(11)	(9)
Net cash used in operating activities	(206,354)	(608,478)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(81,540)
Proceeds from financial assets at amortized cost	345,924	127,427
Purchase of investments accounted for using the equity method	-	(7,435)
Proceeds from sale of financial instruments for hedging	(6,194)	-
Payments for property, plant and equipment	(197,278)	(169,760)
Proceeds from disposal of property, plant and equipment	506	60
Decrease in other receivables from related parties	-	6,301

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# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Decrease (increase) in other non-current assets	\$ 14,703	\$ (25,233)
Decrease (increase) in prepayments for equipment	<u>24,940</u>	<u>(5,343)</u>
Net cash generated from (used in) investing activities	<u>182,601</u>	<u>(155,523)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	805,964	886,500
Increase in short-term bills payable	200,746	8,077,117
Proceeds from long-term borrowings	150,000	-
Repayments of long-term borrowings	(800,000)	(8,200,000)
Repayment of the principal portion of lease liabilities	(8,231)	(9,291)
Increase in other non-current liabilities	11,149	4,331
Increase in non-controlling interest	8,766	-
Reversal of unclaimed dividends transferred to capital surplus	<u>(8)</u>	<u>-</u>
Net cash generated from financing activities	<u>368,386</u>	<u>758,657</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>36,112</u>	<u>(180)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	380,745	(5,524)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>871,911</u>	<u>805,296</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,252,656</u>	<u>\$ 799,772</u>

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

(With Deloitte & Touche auditors' review report dated May 13, 2024)

(Concluded)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Chung Hwa Pulp Corporation (the “Company”), is principally engaged in the production and sale of pulp and paper. The Company’s shares have been listed on the Taiwan Stock Exchange.

In line with the Company’s operating strategy to carry out vertical integration, in the meetings of the board of directors on March 21, 2012 and of the shareholders on June 27, 2012, the Company decided to issue new shares in exchange for YFY Inc.’s paper and cardboard business unit’s assets, liabilities and operations on October 1, 2012. After this transaction, the Company became a subsidiary of YFY Inc.

YFY Inc. and its subsidiaries held 58.6% of ordinary shares of the Company as of March 31, 2024 and 2023.

The consolidated financial statements 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 May 13, 2024.

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

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **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 which are measured at fair value less costs to sell, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on 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.

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.

See Note 14, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Retirement benefits

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

2) Income tax expense

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the material accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,142	\$ 689	\$ 1,678
Checking accounts and demand deposits	430,151	403,977	500,682
Cash equivalents			
Time deposits with original maturities of less than three months	<u>821,363</u>	<u>467,245</u>	<u>297,412</u>
	<u>\$ 1,252,656</u>	<u>\$ 871,911</u>	<u>\$ 799,772</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<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	\$ 36,959	\$ 55,322	\$ 11,493
Non-derivative financial assets			
Mutual funds	<u>6,491</u>	<u>6,469</u>	<u>6,408</u>
	<u>\$ 43,450</u>	<u>\$ 61,791</u>	<u>\$ 17,901</u>

### Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting) foreign exchange forward contracts	\$ 22,959	\$ 3,768	\$ 13,348

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2024</u>			
Sell	USD:NTD	2024.4.8-2024.4.30	USD26,800/NTD857,600
	EUR:NTD	2024.4.22	EUR5,000/NTD172,300
	RMB:NTD	2024.4.16-2024.6.20	CNY200,000/NTD902,000
Buy	USD:RMB	2024.4.3-2024.9.6	USD36,000/RMB255,432
<u>December 31, 2023</u>			
Sell	USD:NTD	2024.01.08-2024.03.29	USD29,200/NTD896,586
	EUR:NTD	2024.01.12	EUR4,000/NTD135,920
	RMB:NTD	2024.02.07-2024.02.20	RMB80,000/NTD346,800
Buy	USD:RMB	2024.03.28-2024.09.06	USD36,000/RMB254,990
<u>March 31, 2023</u>			
Sell	USD:NTD	2023.4.10-2023.4.28	USD32,700/NTD995,715
	EUR:NTD	2023.4.13-2023.4.28	EUR13,000/NTD430,950
	RMB:NTD	2023.4.28	CNY27,000/NTD119,637
Buy	USD:RMB	2023.7.19-2024.4.3	USD41,000/RMB281,754

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The above foreign exchange forward contracts held by the Group did not meet hedge effectiveness, so they are not applicable for hedge accounting.

## 8. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Listed shares	\$ <u>2,399,589</u>	\$ <u>2,183,460</u>	\$ <u>1,803,794</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ <u>341,189</u>	\$ <u>290,015</u>	\$ <u>290,920</u>
Unlisted shares	<u>151,111</u>	<u>161,006</u>	<u>167,717</u>
	\$ <u>492,300</u>	\$ <u>451,021</u>	\$ <u>458,637</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Cash flow hedges			
Forward exchange contracts	\$ <u>1,053</u>	\$ <u>4,155</u>	\$ <u>-</u>

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

The Group determined that the value of the forward exchange contracts and the value of the corresponding hedged items will systematically move in the opposite direction in response to changes in the underlying exchange rates based on their relationship.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the forward exchange contracts. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The decrease in value used for calculating hedge ineffectiveness for the three months ended March 31, 2024 and 2023 were \$3,102 thousand and \$0 thousand, respectively. The following tables summarize the information relating to the hedges of foreign currency risk.

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2024</u>			
Buy	JPY:NTD	2024.04.09-2024.07.22	JPY577,150/NTD122,356
<u>December 31, 2024</u>			
Buy	JPY:NTD	2024.01.18-2024.02.20	JPY594,150/NTD129,049

December 31, 2024

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Other Equity Carrying Amount in Continuing Hedges
Cash flow hedge		
Forecast transactions (capital expenditures)	\$ 3,092	\$ (9,126)

Refer to Note 21(e) for information relating to gain on changes in the fair value of hedging instruments and the original carrying amount transferred to hedged items in 2024.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturity between three months and a year	\$ 7,000	\$ 7,000	\$ 3,000
Foreign investments			
Time deposits with original maturity between three months and a year	-	337,755	380,625
	<u>\$ 7,000</u>	<u>\$ 344,755</u>	<u>\$ 383,625</u>
<u>Non-current</u>			
Foreign investments			
Time deposits with original maturity of more than a year	<u>\$ 90,204</u>	<u>\$ 86,704</u>	<u>\$ 88,624</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rates for time deposits with original maturity between three months and a year were 1.69%, 1.56%-5.55%, and 1.57%-5.07%, respectively, and the interest rates for time deposits with original maturity of more than a year both were 3.25%.



## 11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable - operating	\$ 720,743	\$ 531,514	\$ 503,983
Accounts receivable - operating	<u>2,454,175</u>	<u>2,403,288</u>	<u>2,852,104</u>
Gross carrying amount	3,174,918	2,934,802	3,356,087
Less: Allowance for impairment loss	<u>(57,002)</u>	<u>(56,077)</u>	<u>(16,832)</u>
	<u>\$ 3,117,916</u>	<u>\$ 2,878,725</u>	<u>\$ 3,339,255</u>

The Group's customers are a large number of unrelated customers that did not have concentration of credit risk.

For accounts receivable that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group held adequate collaterals or other credit enhancements for these receivables. In addition, the Group also did not have offset right for the receivables against the payables of the same parties.

The Group applies the simplified approach for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivable based on the Group's provision matrix:

### March 31, 2024

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,824,401	\$ 317,989	\$ 32,528	\$ -	\$ 3,174,918
Loss allowance (Lifetime ECLs)	<u>(52,563)</u>	<u>(3,192)</u>	<u>(1,247)</u>	<u>-</u>	<u>(57,002)</u>
Amortized cost	<u>\$ 2,771,838</u>	<u>\$ 314,797</u>	<u>\$ 31,281</u>	<u>\$ -</u>	<u>\$ 3,117,916</u>

### December 31, 2023

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,534,378	\$ 342,759	\$ 56,372	\$ 1,293	\$ 2,934,802
Loss allowance (Lifetime ECL)	<u>(8,833)</u>	<u>(8,177)</u>	<u>(37,774)</u>	<u>(1,293)</u>	<u>(56,077)</u>
Amortized cost	<u>\$ 2,525,545</u>	<u>\$ 334,582</u>	<u>\$ 18,598</u>	<u>\$ -</u>	<u>\$ 2,878,725</u>

### March 31, 2023

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,558,862	\$ 667,552	\$ 129,673	\$ -	\$ 3,356,087
Loss allowance (Lifetime ECLs)	<u>(5,458)</u>	<u>(8,452)</u>	<u>(2,922)</u>	<u>-</u>	<u>(16,832)</u>
Amortized cost	<u>\$ 2,553,404</u>	<u>\$ 659,100</u>	<u>\$ 126,751</u>	<u>\$ -</u>	<u>\$ 3,339,255</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 56,077	\$ 16,792
Foreign exchange translation gains and losses	<u>925</u>	<u>40</u>
Balance at March 31	<u>\$ 57,002</u>	<u>\$ 16,832</u>

The Group discounted a portion of its banker's acceptance bills with an aggregate carrying. For information on the transfer of financial instruments, refer to Note 25.

## 12. INVENTORIES

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Finished and purchased goods	\$ 3,356,074	\$ 3,343,730	\$ 2,937,520
Work in process	730,027	673,221	573,229
Materials	<u>1,683,245</u>	<u>1,491,545</u>	<u>1,758,101</u>
	<u>\$ 5,769,346</u>	<u>\$ 5,508,496</u>	<u>\$ 5,268,850</u>

The cost of goods sold for the three months ended March 31, 2024 and 2023 included reversals of inventory write-downs of \$4,319 thousand and \$5,748 thousand, respectively.

## 13. BIOLOGICAL ASSETS

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 3,339,318	\$ 3,255,711
Increases due to planting	122,483	45,402
Gain (loss) from changes in fair value less costs to sell	326	(314)
Decreases due to harvest	(53,729)	(22,618)
Net exchange differences	<u>136,095</u>	<u>16,021</u>
Balance at March 31	<u>\$ 3,544,493</u>	<u>\$ 3,294,202</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Eucalyptus (Level 3)	<u>\$ 3,663,083</u>	<u>\$ 3,448,240</u>	<u>\$ 3,399,517</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 3,448,240	\$ 3,359,818
Increase due to planting	131,657	46,808
Gain (loss) from changes in fair value less costs to sell	350	(324)
Decrease due to harvest	(57,754)	(23,319)
Foreign exchange translation gains and losses	<u>140,590</u>	<u>16,534</u>
Balance at March 31	<u>\$ 3,663,083</u>	<u>\$ 3,399,517</u>

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

## 14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	CHP International (BVI) Corporation	Investment and holding	100.0	100.0	100.0
	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, trading and forestry business	60.0	60.0	60.0
	Zhaoqing Dingfung Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	20.2	20.2	20.2
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	100.0	100.0	100.0
Hwa Fong Investment Co., Ltd.	Genovella Renewables Inc.	Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	100.0	100.0	100.0
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry 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.	Paper trading, cargo and technic import and export business	100.0	100.0	100.0
	Zhaoqing Xinchuan Green Technology Co., Ltd.	Environment equipment technology research and development, construction for wastewater, flue gas, noise and solid waste treatment, pure water construction, environment technology consulting, sale of environment equipment and chemical raw material, cargo and technic import and export	100.0	100.0	100.0
Zhaoqing Dingfung Forestry Ltd.	Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	67.0	67.0	67.0

The financial statements of subsidiaries that are not individually material, including Hwa Fong Investment Co., Ltd., Zhaoqing Dingfung Forestry Ltd., Shenzhen Jinglun Paper Co., Ltd., Syntax Communication (H.K.) Limited, Genovella Renewables Inc., Zhaoqing Xinchuan Green Technology Co., Ltd., and Zhaoqing Dingfung Forestry Ltd., have not been reviewed. As of March 31, 2024 and 2023, combined total assets of these subsidiaries were \$5,457,483 thousand and \$4,842,013 thousand, respectively, representing 15% and 14%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$604,468 thousand and \$573,572 thousand, respectively, both representing 3% of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were \$15,549 thousand and \$7,875 thousand, respectively, representing 2% and (5%), respectively, of the consolidated total comprehensive income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material	<u>\$ 850,330</u>	<u>\$ 871,615</u>	<u>\$ 718,102</u>

Aggregate information of associates that are not individually material were as follows:

	For the Three Months Ended March 31	
	2024	2023
The Group's share of:		
Profit from continuing operations	\$ 23,775	\$ 29,614
Other comprehensive income (loss)	<u>43,631</u>	<u>(3,739)</u>
Total comprehensive income for the period	<u>\$ 67,406</u>	<u>\$ 25,875</u>

The combined ownership held by the Group and its parent company, YFY Inc., in some associates that are not individually material was more than 20%. Thus, the Group used the equity method to account for its investments in these associates.

For the three months ended March 31 2023, the Group obtained 1,059,014 voting shares of Union Paper Corporation., Ltd. at \$7.02 per share, with a total investment of \$7,435 thousand, and 1.02% of voting rights. The Group recognized a gain from bargain purchase of \$5,454 thousand.

As of March 31, 2024 and 2023, investments accounted for using the equity method of the Group were \$110,081 thousand and \$108,898 thousand, respectively, for the three months ended March 31, 2024 and 2023, shares of comprehensive net income (loss) of \$589 thousand and \$(1,165) thousand, respectively, were recognized based on the investees' unreviewed financial statements for the same reporting periods. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

The combined ownership held by the Group in some associates that are not individually material even if it holds less than 20% of their voting rights. Thus, the Group used the equity method to account for its investments in these associates.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 7,922,547	\$ 4,167,738	\$ 31,636,180	\$ 3,032,866	\$ 1,922,440	\$ 859,252	\$ 1,130,803	\$ 50,671,826
Additions	1,400	315	22,461	2,140	9,109	2,770	96,191	134,386
Disposals	-	-	(104,524)	(186)	(1,001)	(2,655)	-	(108,366)
Effect of foreign currency exchange differences	-	3,620	22,275	-	(38)	834	986	27,677
Reclassifications	-	6,339	246,208	6,996	7,159	793	(267,495)	-
Balance at March 31, 2023	<u>\$ 7,923,947</u>	<u>\$ 4,178,012</u>	<u>\$ 31,822,600</u>	<u>\$ 3,041,816</u>	<u>\$ 1,937,669</u>	<u>\$ 860,994</u>	<u>\$ 960,485</u>	<u>\$ 50,725,523</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 3,212,441	\$ 26,383,318	\$ 2,519,894	\$ 1,678,865	\$ 726,297	\$ -	\$ 34,520,815
Disposals	-	-	(104,524)	(186)	(1,001)	(2,655)	-	(108,366)
Depreciation expenses	-	26,290	208,002	21,856	25,427	10,250	-	291,825
Effect of foreign currency exchange differences	-	1,618	14,847	-	(35)	723	-	17,153
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 3,240,349</u>	<u>\$ 26,501,643</u>	<u>\$ 2,541,564</u>	<u>\$ 1,703,256</u>	<u>\$ 734,615</u>	<u>\$ -</u>	<u>\$ 34,721,427</u>
Carrying amounts at March 31, 2023	<u>\$ 7,923,947</u>	<u>\$ 937,663</u>	<u>\$ 5,320,957</u>	<u>\$ 500,252</u>	<u>\$ 234,413</u>	<u>\$ 126,379</u>	<u>\$ 960,485</u>	<u>\$ 16,004,096</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 7,924,319	\$ 4,222,706	\$ 32,064,682	\$ 3,163,105	\$ 2,005,807	\$ 859,262	\$ 880,417	\$ 51,120,298
Additions	-	2,569	6,554	2,032	6,016	1,331	153,995	172,497
Disposals	-	-	(19,763)	-	(196)	(317)	-	(20,276)
Effect of foreign currency exchange differences	-	29,222	190,978	-	98	7,246	2,249	229,793
Reclassifications	-	3,456	134,799	4,871	10,624	3,907	(157,657)	-
Balance at March 31, 2024	<u>\$ 7,924,319</u>	<u>\$ 4,257,953</u>	<u>\$ 32,377,250</u>	<u>\$ 3,170,008</u>	<u>\$ 2,022,349</u>	<u>\$ 871,429</u>	<u>\$ 879,004</u>	<u>\$ 51,502,312</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 3,310,321	\$ 27,007,687	\$ 2,605,091	\$ 1,768,308	\$ 751,503	\$ -	\$ 35,442,910
Disposals	-	-	(19,657)	-	(196)	(317)	-	(20,170)
Depreciation expenses	-	24,941	204,478	23,032	22,591	10,136	-	285,178
Effect of foreign currency exchange differences	-	14,426	127,470	-	127	5,524	-	147,547
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 3,349,688</u>	<u>\$ 27,319,978</u>	<u>\$ 2,628,123</u>	<u>\$ 1,790,830</u>	<u>\$ 766,846</u>	<u>\$ -</u>	<u>\$ 35,855,465</u>
Carrying amounts at January 31, 2023	<u>\$ 7,924,319</u>	<u>\$ 912,385</u>	<u>\$ 5,056,995</u>	<u>\$ 558,014</u>	<u>\$ 237,499</u>	<u>\$ 107,759</u>	<u>\$ 880,417</u>	<u>\$ 15,677,388</u>
Carrying amounts at March 31, 2024	<u>\$ 7,924,319</u>	<u>\$ 908,265</u>	<u>\$ 5,057,272</u>	<u>\$ 541,885</u>	<u>\$ 231,519</u>	<u>\$ 104,583</u>	<u>\$ 879,004</u>	<u>\$ 15,646,847</u>

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

Buildings	
Main buildings	15-50 years
Others	3-44 years
Machinery	3-15 years
Electric equipment	5-15 years
Tools	3-5 years
Miscellaneous equipment	3-20 years

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 419,329	\$ 406,931	\$ 426,541
Buildings	18,918	21,733	22,919
Office equipment	35,490	24,245	18,253
Transportation equipment	<u>4,703</u>	<u>5,601</u>	<u>5,770</u>
	<u>\$ 478,440</u>	<u>\$ 458,510</u>	<u>\$ 473,483</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 15,123</u>	<u>\$ 5,265</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,633	\$ 3,639
Buildings	2,871	4,358
Office equipment	2,267	1,454
Transportation equipment	<u>2,508</u>	<u>2,822</u>
	<u>\$ 11,279</u>	<u>\$ 12,273</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Carrying amount</u>			
Current	<u>\$ 31,857</u>	<u>\$ 28,891</u>	<u>\$ 30,573</u>
Non-current	<u>\$ 35,458</u>	<u>\$ 31,476</u>	<u>\$ 27,074</u>

Range of discount rates for lease liabilities was as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Land	0.88%-1.75%	0.88%-1.75%	0.88%-1.02%
Buildings	0.88%-2.50%	0.88%-2.50%	0.88%-2.50%
Office equipment	0.88%-1.86%	0.88%-1.75%	0.88%-1.75%
Transportation equipment	0.88%-1.75%	0.88%-1.75%	0.88%-1.21%

c. Material lease-in activities and terms

The Group leases certain equipment for the use of operating activities with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The Group also leases land and buildings for the use of plants, offices, and warehouses with lease terms of 2 to 8 years. The lease contract for land and buildings located in China specifies that land and buildings are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 27,832</u>	<u>\$ 18,310</u>
Total cash outflow for leases	<u>\$ (46,347)</u>	<u>\$ (35,750)</u>

## 18. INVESTMENT PROPERTIES

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Opening balance	<u>\$ 771,534</u>	<u>\$ 771,534</u>
Ending balance	<u>\$ 771,534</u>	<u>\$ 771,534</u>
<u>Accumulated depreciation and impairment</u>		
Opening balance	\$ (16,259)	\$ (15,992)
Depreciation expenses	<u>(67)</u>	<u>(66)</u>
Ending balance	<u>\$ (16,326)</u>	<u>\$ (16,058)</u>
Opening carrying amounts	<u>\$ 755,275</u>	<u>\$ 755,542</u>
Ending carrying amounts	<u>\$ 755,208</u>	<u>\$ 755,476</u>

The investment properties held by the Group are depreciated over their estimated useful life of 55 years, using the straight-line method.

The valuation was done by the Group using market evidence of transaction prices for similar properties. The fair values of the investment properties owned by the Group were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fair value	<u>\$ 856,590</u>	<u>\$ 856,590</u>	<u>\$ 856,590</u>

The investment properties were leased out as operating leases from July 1, 2020 to August 15, 2042. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Lease commitments (the Group as a lessor) with lease terms commencing after the balance sheet dates are as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Lease commitments of investment properties	<u>\$ 293,699</u>	<u>\$ 299,409</u>	<u>\$ 316,541</u>

## 19. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Bank credit loans	\$ 3,812,251	\$ 3,062,176	\$ 3,526,500
Letter of credit loans	<u>306,619</u>	<u>243,529</u>	<u>-</u>
	<u>\$ 4,118,870</u>	<u>\$ 3,305,705</u>	<u>\$ 3,526,500</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, interest rates on short-term borrowings were 1.63%-6.702%, 1.37%-6.72% and 1.50%-1.88%, respectively.

### b. Short-term bills payable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Commercial paper	\$ 8,000,000	\$ 7,800,000	\$ 8,350,000
Less: Unamortized discounts on bills payable	<u>(19,083)</u>	<u>(19,829)</u>	<u>(23,032)</u>
	<u>\$ 7,980,917</u>	<u>\$ 7,780,171</u>	<u>\$ 8,326,968</u>

Short-term bills payable are commercial papers due within one year. As of March 31, 2024, December 31, 2023 and March 31, 2023, interest rates on bills payable were 1.70%-1.86%, 1.405%-1.61% and 1.25%-1.55%, respectively.

### c. Long-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 630,000	\$ 1,280,000	\$ 500,000
Less: Loan management fees	<u>(8,873)</u>	<u>(9,533)</u>	<u>(8,412)</u>
Long-term bank loans	<u>\$ 621,127</u>	<u>\$ 1,270,467</u>	<u>\$ 491,588</u>



Significant terms of the long-term borrowing contracts were as follows:

	Due Date	Article	Interest Rate	March 31, 2024	December 31, 2023	March 31, 2023
KGI Bank	2026.01.25	The credit can be resolved within 24 months from January 25, 2024, the first drawdown date of the loan.	1.73	\$ 150,000	\$ -	\$ -
Syndicated loan from Taipei Fubon Bank and Bank of Taiwan - credit loan A	2027.09.30	The credit can be used separately within 60 months from September 30, 2022, the first drawdown date of the loan.	1.79-1.91	480,000	480,000	500,000
Syndicated loan from First Bank - credit loan A	2028.12.29	The credit can be resolved within 60 months from December 29, 2023, the first drawdown date of the loan. The credit has repaid in advance in the first quarter of 2024.	1.93	-	800,000	-
				<u>\$ 630,000</u>	<u>\$ 1,280,000</u>	<u>\$ 500,000</u>

## 20. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect to the Group's defined benefit plans were recognized based on the actuarial valuations of cost rates as of December 31, 2023 and 2022 in the following items:

	For the Three Months Ended March 31	
	2024	2023
Operating costs	<u>\$ 5,671</u>	<u>\$ 5,955</u>
Selling and marketing expenses	<u>\$ 423</u>	<u>\$ 435</u>
General and administrative expenses	<u>\$ 112</u>	<u>\$ 128</u>

## 21. EQUITY

### a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
Shares authorized	<u>\$ 13,000,000</u>	<u>\$ 13,000,000</u>	<u>\$ 13,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,102,835</u>	<u>1,102,835</u>	<u>1,102,835</u>
Shares issued	<u>\$ 11,028,353</u>	<u>\$ 11,028,353</u>	<u>\$ 11,028,353</u>

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

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital*</u>			
Arising from treasury share transactions	\$ 20,817	\$ 20,817	\$ 20,817
The difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	484	484	484
<u>May only be used to offset a deficit</u>			
Arising from share of changes in capital surplus of associates	15,315	14,275	12,145
Capital surplus transferred from unclaimed dividends	<u>3,532</u>	<u>3,540</u>	<u>2,463</u>
	<u>\$ 40,148</u>	<u>\$ 39,116</u>	<u>\$ 35,909</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of paid-in capital).

c. Retained earnings and dividends policy

Under the dividends 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, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 22 (d).

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

- 1) At least 20% as cash dividends; and
- 2) Remainder, as share dividends. If there is a requirement for capital expenditure, the Company may distribute only share dividends.

An appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. 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.

Under Order No. 1010047490, Order No. 1030006415 and Order No. 1090150022 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards”, the Company shall appropriate to or reverse from a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The appropriation of earnings for 2023 were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31, 2023</b>
Legal reserve	\$ <u>48,635</u>
Cash dividends	\$ <u>326,067</u>
Cash dividends per share (NT\$)	\$ <u>0.3</u>

The above appropriation of earnings were resolved and approved by the shareholders in their meeting in June 30, 2023, the lose compensation plan for 2023 proposed by the Board of Directors’ meeting on March 11, 2024, it is still pending resolution by the general shareholders’ meeting, expected to be held on June 2024. Information on the appropriation of earnings resolved by the Company’s board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Special reserves	\$ <u>1,186,894</u>	\$ <u>1,186,894</u>	\$ <u>1,186,894</u>

The Company appropriated a special reserve in an amount equal to the unrealized revaluation increment, which was already transferred to retained earnings.

e. Others equity items

	<b>Exchange Differences Arising on Translating the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Loss on Hedging Instruments</b>	<b>Total</b>
<u>2024</u>				
Balance at January 1	\$ (220,748)	\$ 1,474,580	\$ (6,034)	\$ 1,247,798
Unrealized gain on financial assets at FVTOCI	-	257,408	-	257,408
				(Continued)

	<b>Exchange Differences Arising on Translating the Financial Statements of Foreign Operations</b>	<b>Unrealized (Loss) Gain on Financial Assets at FVTOCI</b>	<b>Loss on Hedging Instruments</b>	<b>Total</b>
Exchange differences on translating the financial statements of foreign operations	\$ 218,732	\$ -	\$ -	\$ 218,732
Share of other comprehensive gain of associates	17,360	26,271	-	43,631
Fair value changes of financial instruments for hedging	-	-	3,102	3,102
The amount transferred to initial carrying amount of hedged items	-	-	(6,194)	(6,194)
Cumulative unrealized income of equity instruments transferred to retained earnings due to disposal of associates	<u>-</u>	<u>(2,063)</u>	<u>-</u>	<u>(2,063)</u>
Balance at March 31	<u>\$ 15,344</u>	<u>\$ 1,756,196</u>	<u>\$ (9,126)</u>	<u>\$ 1,762,414</u> (Concluded)

	<b>Exchange Differences Arising on Translating the Financial Statements of Foreign Operations</b>	<b>Unrealized (Loss) Gain on Financial Assets at FVTOCI</b>	<b>Total</b>
<u>2023</u>			
Balance at January 1	\$ (153,000)	\$ 1,098,713	\$ 945,713
Unrealized gain on financial assets at FVTOCI	-	(40,866)	(40,866)
Exchange differences on translating the financial statements of foreign operations	1,566	-	1,566
Share of other comprehensive (loss) gain of associates	(9,528)	5,789	(3,739)
Cumulative unrealized income of equity instruments transferred to retained earnings due to disposal of associates	<u>-</u>	<u>518</u>	<u>518</u>
Balance at March 31	<u>\$ (160,962)</u>	<u>\$ 1,064,154</u>	<u>\$ 903,192</u>

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 2,318,408	\$ 2,310,168
Addition	8,766	-
Attributable to non-controlling interests:		
Share of profit for the period	14,850	34,427
Exchange differences on translating the financial statements of foreign operations	<u>94,033</u>	<u>11,321</u>
Balance at March 31	<u>\$ 2,436,057</u>	<u>\$ 2,355,916</u>

- g. As of March 31, 2024, the Company had bought back 15,944 thousand treasury shares for transferring to employees with an average buy-back price of \$8.58 per share. The acquisition was approved by the board of directors on May 14, 2020 and fully executed on July 14, 2020. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

## 22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 65,881	\$ 55,057
Add: Interests of lease liabilities	248	158
Less: Amounts included in the cost of qualifying assets	<u>(142)</u>	<u>(259)</u>
	<u>\$ 65,987</u>	<u>\$ 54,956</u>

Information on capitalized interest was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Capitalization rate	1.96%-2.03%	1.75%-1.81%

b. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function		
Operating costs	\$ 291,179	\$ 297,925
Operating expenses	<u>5,345</u>	<u>6,239</u>
	<u>\$ 296,524</u>	<u>\$ 304,164</u>
An analysis of amortization by function		
Operating costs	\$ 2,182	\$ 1,198
Operating expenses	<u>709</u>	<u>774</u>
	<u>\$ 2,891</u>	<u>\$ 1,972</u>

c. Employee benefit expense

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits		
Defined contribution plans	\$ 20,711	\$ 19,925
Defined benefit plans	<u>6,206</u>	<u>6,518</u>
	26,917	26,443
Other employee benefits	<u>532,559</u>	<u>516,728</u>
Total employee benefit expense	<u>\$ 559,476</u>	<u>\$ 543,171</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 494,419	\$ 482,871
Operating expenses	<u>65,057</u>	<u>60,300</u>
	<u>\$ 559,476</u>	<u>\$ 543,171</u>

d. Employee's compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2023, due to operation loss, the Company did not estimate the compensation of employees, and remuneration of directors; the estimated compensation of employees, and remuneration of directors for the three months ended March 2024 are as shown below:

	<b>For the Three Months Ended March 31, 2024</b>
Compensation of employees	<u>\$ 1,500</u>
Remuneration of directors	<u>\$ 920</u>

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

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

## 23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ <u>452</u>	\$ <u>713</u>

The applicable tax rate used by subsidiaries in China is 25%. Under the "Criteria for Designation of High and New Technology Enterprise", a designated high and new technology enterprise is allowed a 15% income tax rate. Guangdong Dingfung Pulp & Paper Co., Ltd. had obtained its qualification certificates and have a tax incentive of 15% income tax rate. Under the "Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households", Zhaoqing Xinchuan Green Technology Co., Ltd. has met its requirements, Zhaoqing Dingfung Forestry Ltd. and Guizhou Yuanfung Forestry Co., Ltd. are apply the tax-exempt tax rates. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

### b. Pillar Two income taxes legislation

For the year ended December 2023, the Hong Kong government, where the Syntax Communication (H.K.) Limited is registered, Pillar Two legislation is enacted, which came into effect on January 1, 2025. Since this at the end of the reporting period not yet in effect, there is no relevant current tax impacts on the Group. The Group also continued to review the impact of the Pillar Two income taxes legislation on financial performance.

### c. Income tax assessments

	Latest Approved Year
The Company	2022
Genovella Renewables Inc. (c)	2022
Hwa Fong Investments Co., Ltd.	2022

## 24. EARNINGS (LOSS) PER SHARE

	For the Three Months Ended March 31	
	2024	2023
Basic earnings (loss) per share	\$ <u>0.04</u>	\$ <u>(0.16)</u>
Diluted earnings per share	\$ <u>0.04</u>	

The profit (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share from continuing operations were as follows:

Net Profit (loss) for the period is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Profit (loss) for the period attributable to owners of the Company	\$ <u>46,706</u>	\$ <u>(170,052)</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	1,086,891	<u>1,086,891</u>
Effect of potentially dilutive ordinary shares:		
Compensation issued to employees	<u>65</u>	
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,086,956</u>	

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

## 25. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of new debt issued or existing debt redeemed.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments

#### 1) Fair value of financial instruments not carried at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values.



2) Fair value of financial instruments measured at fair value on a recurring basis

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,491	\$ -	\$ -	\$ 6,491
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>36,959</u>	<u>-</u>	<u>36,959</u>
	<u>\$ 6,491</u>	<u>\$ 36,959</u>	<u>\$ -</u>	<u>\$ 43,450</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,740,778	\$ -	\$ -	\$ 2,740,778
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>151,111</u>	<u>151,111</u>
	<u>\$ 2,740,778</u>	<u>\$ -</u>	<u>\$ 151,111</u>	<u>\$ 2,891,889</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 22,959</u>	<u>\$ -</u>	<u>\$ 22,959</u>
Financial liabilities for hedging				
Derivative financial liabilities - foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,053</u>	<u>\$ -</u>	<u>\$ 1,053</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,469	\$ -	\$ -	\$ 6,469
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>55,322</u>	<u>-</u>	<u>55,322</u>
	<u>\$ 6,469</u>	<u>\$ 55,322</u>	<u>\$ -</u>	<u>\$ 61,791</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,473,475	\$ -	\$ -	\$ 2,473,475
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>161,006</u>	<u>161,006</u>
	<u>\$ 2,473,475</u>	<u>\$ -</u>	<u>\$ 161,006</u>	<u>\$ 2,634,481</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at FVTPL				
Derivative financial liabilities				
- foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 3,768</u>	<u>\$ -</u>	<u>\$ 3,768</u>
Financial liabilities for hedging				
Derivative financial liabilities				
- foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 4,155</u>	<u>\$ -</u>	<u>\$ 4,155</u>
				(Concluded)

March 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 6,408	\$ -	\$ -	\$ 6,408
Derivative financial assets -				
foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>11,493</u>	<u>-</u>	<u>11,493</u>
	<u>\$ 6,408</u>	<u>\$ 11,493</u>	<u>\$ -</u>	<u>\$ 17,901</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,094,714	\$ -	\$ -	\$ 2,094,714
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>167,717</u>	<u>167,717</u>
	<u>\$ 2,094,714</u>	<u>\$ -</u>	<u>\$ 167,717</u>	<u>\$ 2,262,431</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
- foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 13,348</u>	<u>\$ -</u>	<u>\$ 13,348</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

3) Reconciliation of Level 3 fair value measurements of financial assets

For the three months ended March 31, 2024

<b>Financial Assets</b>	<b>Financial Assets of Equity Securities at FVTOCI</b>
Balance at January 1, 2024	\$ 161,006
Recognized in other comprehensive loss	(9,892)
Transfers out of Level 3	<u>(3)</u>
Balance at March 31, 2024	<u>\$ 151,111</u>

For the three months ended March 31, 2023

<b>Financial Assets</b>	<b>Financial Assets of Equity Securities at FVTOCI</b>
Balance at January 1, 2023	\$ 184,007
Recognized in other comprehensive loss	<u>(16,290)</u>
Balance at March 31, 2023	<u>\$ 167,717</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
Derivatives - foreign exchange forward contracts	Discounted cash flow: <ul style="list-style-type: none"> <li>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</li> <li>b) The daily spot exchange rate quoted by financial institutions.</li> </ul>

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the assets approach. The total value of individual assets and individual liabilities reflects the overall value of the investment. The significant unobservable inputs used are listed in the table below. A decrease in discount for lack of marketability used in isolation would result in increases in fair value.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Discount for lack of marketability	15%	15%	15%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would have increased (decreased) as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Discount for lack of marketability			
2.5% increase	\$ (4,444)	\$ (4,735)	\$ (4,933)
2.5% decrease	\$ 4,444	\$ 4,735	\$ 4,933

b. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 43,450	\$ 61,791	\$ 17,901
Financial assets at amortized cost (1)	5,048,895	4,663,211	5,396,172
Financial assets at FVTOCI	2,891,889	2,634,481	2,262,431
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	22,959	3,768	13,348
Financial liabilities at amortized cost (2)	15,750,929	15,418,646	15,549,472
Financial liabilities for hedging	1,053	4,155	-

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, notes and accounts receivable from related parties, other receivables from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other non-current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, notes and accounts payable to related parties, other payables, other payables to related parties, long-term borrowings, and deposits received (accounted as other non-current liabilities).

c. Financial risk management objectives and policies

The Group's main objective in financial risk management is 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 the fluctuations in market on the Group's financial performance, the Group is devoted to identify, estimate and hedge the uncertainties of the market.

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

1) Market risk

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group follows the movement of foreign exchange rates and adjusts the exposure position respond to it to minimize the effects of these risks.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

Sensitivity analysis

For the position 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 that was in effect.

The Group is mainly exposed to the USD, RMB and EUR.

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Influence to profit or loss at 5% variance		
USD	\$ 63,206	\$ 93,404
RMB	89,489	103,988
EUR	6,868	7,666

b) Interest rate risk

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 918,567	\$ 898,704	\$ 769,661
Financial liabilities	8,669,359	9,111,005	8,876,203
Cash flow interest rate risk			
Financial assets	430,151	403,977	500,682
Financial liabilities	4,118,870	3,305,705	3,526,500

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of changing in interest rates is not significant to the Group.

### Sensitivity analysis

For the Group's floating interest rate financial liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the three months ended March 31, 2024 and 2023 would have decreased/increased as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Decrease/increase	\$ 922	\$ 756

#### c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. To prevent significant price risk, the Group has built an immediate control system.

### Sensitivity analysis

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

If equity prices had been 5% higher/lower, the Group's comprehensive income (loss) for the three months ended March 31, 2024 and 2023 would have increased/decreased as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Profit (loss) before tax		
Increase/decrease	\$ 325	\$ 320
Other comprehensive income (loss)		
Increase/decrease	144,594	113,122

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation at the level of 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 concentration of credit risk of 8% of total amounts of trade receivables as of March 31, 2024 and 2023, were attributable to the Group's largest customer.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce credit risk from specific customers. The credit evaluation of an individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks are evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was 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 required by business operation and to ensure the Group has sufficient financial flexibility.

As of March 31, 2024 and 2023, the Group's unused financing facilities were \$9,687,755 thousand and \$8,982,348 thousand, respectively.

#### d. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to other bank in order to generate working capital. Since the Group transferred substantially all risks and rewards relating to these bills receivable, the Group derecognized the full carrying amount of the banker's acceptance bills. The Group's have not discounted and received as of March 31, 2024 and 2023, the discounted and received amount and the ranges of interest rates on December 31, 2023 were as follows:

	<b>For the Year Ended December 31</b>
The discounted amount	<u>\$ 99,161</u>
The received amount	<u>\$ 98,550</u>
Interest rates	0.97%-1.90%

## 27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc. Company, which held 57.8% of the ordinary shares of the Company as of March 31, 2024, December 31, 2023 and March 31, 2023.

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

#### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Consumer Products Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	Fellow subsidiary
YFY Family Care (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Development Corp. (formerly as YFY Capital Co., Ltd.)	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiary
YFY Japan Co., Ltd.	Fellow subsidiary
YFY Investment Co., Ltd.	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Cupid InfoTech Co., Ltd.	Fellow subsidiary
Ever Growing Agriculture Biotech Co., Ltd.	Fellow subsidiary
Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch	Fellow subsidiary

(Continued)

<b>Related Party Name</b>	<b>Related Party Category</b>
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
MOBIUS 105 LIMITED	Fellow subsidiary
YFY Holding Management Co., Ltd.	Fellow subsidiary
Yuen Foong Shop Co., Ltd.	Fellow subsidiary
Ensilience Co., Ltd.	Fellow subsidiary
Hwa Fong Paper (Hong Kong) Co., Ltd.	Fellow subsidiary
YFY Biotechnology Co., Ltd.	Parent's associate
E Ink Holdings Inc.	Parent's associate
Beautone Co., Ltd.	Substantial related party
Shin-Yi Foundation	Substantial related party
Shin-Yi Enterprise Co., Ltd.	Substantial related party
Yuen Foong Paper Co., Ltd.	Substantial related party
SinoPac Leasing Co., Ltd.	Substantial related party
SinoPac Securities Co., Ltd.	Substantial related party
SinoPac Financial Holdings Company Limited	Substantial related party
	(Concluded)

b. Sales of goods

<b>Related Party Type</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Fellow subsidiaries	\$ 525,024	\$ 637,213
Substantial related parties	27,438	33,913
Parent company	9	8
Parent's associates	<u>61</u>	<u>42</u>
	<u>\$ 552,532</u>	<u>\$ 671,176</u>

For sales of goods to related parties, the prices and terms of receivables approximate to those with non-related parties.

c. Purchases of goods

<b>Related Party Type</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Fellow subsidiaries	\$ 370,241	\$ 222,964
Substantial related parties	57	172
Parent's associates	<u>132</u>	<u>46</u>
	<u>\$ 370,430</u>	<u>\$ 223,182</u>

For purchases of goods from related parties, the prices and terms of payables approximate to those with non-related parties.



d. Notes and accounts receivable from related parties

<b>Related Party Type</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fellow subsidiaries			
YFY Consumer Products Co., Ltd.	\$ 104,646	\$ 110,473	\$ 203,863
Union Paper Corp.	79,660	67,509	73,669
YFY Investment Co., Ltd.	45,459	-	73,588
YFY Development Corp.	35,102	41,881	40,551
Others	<u>24,964</u>	<u>31,294</u>	<u>38,092</u>
	289,831	251,157	429,763
Substantial related parties	34,924	57,816	36,126
Parent's associates	69	8	-
Parent company	<u>5</u>	<u>4</u>	<u>64</u>
	<u>\$ 324,829</u>	<u>\$ 308,985</u>	<u>\$ 465,953</u>

The outstanding accounts receivable from related parties are unsecured. No bad debt was recognized for the three months ended March 31, 2024 and 2023 for allowance of impaired accounts receivable from related parties.

e. Notes and accounts payable to related parties

<b>Related Party Type</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fellow subsidiaries			
Shin Foong Specialty & Applied Materials Co., Ltd.	\$ 111,733	\$ 108,949	\$ 92,632
YFY Packaging Inc.	66,049	96,308	81,857
YFY Development Corp.	23,205	33,379	25,252
Others	<u>44,044</u>	<u>36,378</u>	<u>33,038</u>
	245,031	275,014	232,779
Parent company	3,033	-	3,033
Substantial related parties	1,314	1,102	1,068
Parent's associates	<u>35</u>	<u>-</u>	<u>-</u>
	<u>\$ 249,413</u>	<u>\$ 276,116</u>	<u>\$ 236,880</u>

The outstanding accounts payable to related parties are unsecured.

f. Prepayments (account for other current liabilities included)

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fellow subsidiaries	\$ 357	\$ -	\$ 357
Parent company	<u>29</u>	<u>-</u>	<u>29</u>
	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ 386</u>

g. Loan to related parties (interest receivable included)

<b>Related Party Type</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fellow subsidiaries			
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>

The Group provided fellow subsidiaries with short-term loans at rates comparable to the market rate of interest.

For the three months ended March 31, 2023, the interest income from the loans to related parties amounted to \$282 thousand.

h. Proceeds from disposal of property, plant and equipment

	<b>Consideration Received</b>		<b>Gain on Disposal</b>	
	<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Fellow subsidiaries	\$ <u>    500</u>	\$ <u>          -</u>	\$ <u>    500</u>	\$ <u>          -</u>

i. Lease arrangements

<b>Lease Liabilities</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Parent company	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>    3,663</u>
<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>		
	<b>2024</b>	<b>2023</b>	
<u>Interest expense</u>			
Parent company		\$ <u>          -</u>	\$ <u>        14</u>
<u>Lease expense</u>			
Parent company		\$ <u>    2,757</u>	\$ <u>    2,757</u>
Substantial related parties		<u>    1,788</u>	<u>    1,778</u>
		\$ <u>    4,545</u>	\$ <u>    4,535</u>

The rental expenses were based on market price with similar assets, which were paid monthly based on lease arrangements.

j. Other transactions with related parties

Related Party Type	Rental Income (Accounted as Other Income)	
	For the Three Months Ended March 31	
	2024	2023
Parent's associates	\$ 3,867	\$ 3,852
Fellow subsidiaries	469	357
Parent company	<u>29</u>	<u>29</u>
	<u>\$ 4,365</u>	<u>\$ 4,238</u>

Related Party Type	Other Operating Expense (Accounted as Operating Expense)	
	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	<u>\$ 12,741</u>	<u>\$ 12,716</u>

Related Party Type	Management Fee (Accounted as Operating Expenses)	
	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries	\$ 20,619	\$ 22,162
Substantial related parties	<u>782</u>	<u>-</u>
	<u>\$ 21,401</u>	<u>\$ 22,162</u>

The amount of management fee depended on the agreements; rental income and expenses which were received or paid monthly were based on the market price.

k. Acquisition of financial assets

For the three months ended March 31, 2023

Related Party Type/Name	Account Classification	Number of Shares Traded	Object of Transaction	Proceeds from Transactions
SinoPac Financial Holdings Company Limited	Financial assets at fair value through other comprehensive income - current	5,435,937	Equity of SinoPac Financial Holdings Company Limited	<u>\$ 81,540</u>

1. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Salaries and benefits	\$ 7,887	\$ 5,907
Executive fees	<u>693</u>	<u>700</u>
	<u>\$ 8,580</u>	<u>\$ 6,607</u>

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

## 28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

In addition to those disclosed in other Notes, information on significant contingent liabilities and unrecognized commitments on the balance sheet date is as follows:

- a. As of March 31, 2024, December 31, 2023 and March 31, 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$583,177 thousand, \$243,529 thousand and \$570,002 thousand, respectively.
- b. The President had announced amendments the Climate Change Response Act on February 15, 2023, that added to levy the regulations for carbon fees. The Ministry of Environment according to the above-mentioned regulations promulgate draft on December 29, 2023. The draft stipulates that since 2024, which comply with announcement of the Ministry of Environment that should be checked and inspected the emission sources, In addition, the power industry and large-scale manufacturing industry produce greenhouse gas emissions with a total annual emission value of 25,000 tons of carbon dioxide equivalent, and the direct emission of the whole plant (field) and the indirect emission of electricity should be pay carbon fees. The Group's cumulative greenhouse gas emissions have reached 25,000 tons of carbon dioxide equivalent. Because the carbon fee rate has not yet been announced, the Group's cannot reliably estimate the amount of contingent liabilities.

## 29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following is information on the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	<b>March 31, 2024</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,536	32.00	\$ 1,841,152
RMB	536,847	4.510	2,421,180
EUR	9,149	34.46	315,275
			(Continued)

March 31, 2024			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
Non-monetary items			
Derivative instruments			
USD	\$ 36,000	32.00	\$ 1,152,000
RMB	30,000	4.510	135,300
<u>Financial liabilities</u>			
Monetary items			
USD	27,232	32.00	871,424
EUR	163	34.46	5,617
Non-monetary items			
Derivative instruments			
USD	26,800	32.00	857,600
EUR	5,000	34.46	172,300
RMB	170,000	4.510	766,700
			(Concluded)

December 31, 2023			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,034	30.705	\$ 1,689,819
RMB	524,137	4.335	2,272,134
EUR	10,571	33.98	359,203
Non-monetary items			
Derivative instruments			
USD	56,700	30.705	1,740,974
RMB	80,000	4.335	346,800
<u>Financial liabilities</u>			
Monetary items			
USD	21,605	30.705	663,382
RMB	207	4.335	897
EUR	99	33.98	3,364
Non-monetary items			
Derivative instruments			
USD	8,500	30.705	260,993
EUR	4,000	33.98	135,920

	March 31, 2023		
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 67,327	30.45	\$ 2,050,107
RMB	442,367	4.431	1,960,128
EUR	17,625	33.15	584,269
Non-monetary items			
Derivative instruments			
USD	40,000	30.45	1,218,000
RMB	27,000	4.431	119,637
<u>Financial liabilities</u>			
Monetary items			
USD	12,278	30.45	373,865
Non-monetary items			
Derivative instruments			
USD	33,700	30.45	1,026,165
EUR	13,000	33.15	430,950

For the three months ended March 31, 2024 and 2023, realized and unrealized foreign exchange gains were \$76,342 thousand and \$13,933 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)

- 9) Trading in derivative instruments (Notes 7 and 9)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 6)
- c. Information on investments in mainland China:
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
  - 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 (Table 4)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Tables 4 and 8)
    - c) The amount of property transactions and the amount of the resultant gains or losses (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the name of the shares owned, and percentage of ownership of each shareholder (Table 9)

### 31. SEGMENT INFORMATION

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

	Business Unit of Pulp and Fine Paper	Business Unit of Forestry	Other Segment	Adjustment and Elimination	Total
For the three months ended March 31, 2024					
Revenue from external customers	\$ 5,217,427	\$ -	\$ 65,368	\$ -	\$ 5,282,795
Revenue from other internal operating segments	\$ 475,714	\$ 120,241	\$ 11,523	\$ (607,478)	\$ -
Segment profit or loss	\$ 51,986	\$ 6,214	\$ 3,356	\$ -	\$ 61,556
For the three months ended March 31, 2023					
Revenue from external customers	\$ 5,420,896	\$ -	\$ 44,195	\$ -	\$ 5,465,091
Revenue from other internal operating segments	\$ 419,535	\$ 50,142	\$ 12,040	\$ (481,717)	\$ -
Segment profit or loss	\$ (141,015)	\$ 2,401	\$ 2,989	\$ -	\$ (135,625)

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

a. Pulp and fine paper segment

Manufacture and sale of cardboard, paper and pulp.

b. Forestry segment

Seedling cultivation and reforestation.

The accounting policies of each segment are the same as those accounting policies stated in Note 4. The performance of segments is measured by income after tax.

Revenue and profit between segments have been adjusted; these adjustments include the elimination of inter-segment transactions to reconcile the segment information with that reported for the Group as a whole.



TABLE 1

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Foreign Currencies in Thousands) (Notes 2 and 4)	Ending Balance (Foreign Currencies in Thousands) (Notes 2 and 4)	Actual Borrowing Amount (Foreign Currencies in Thousands) (Note 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Foreign Currencies in Thousands) (Notes 3 and 4)	Aggregate Financing Limit (Foreign Currencies in Thousands) (Notes 3 and 4)
													Item	Value		
2	CHP International (BVI) Corporation	Shenzhen Jinglun Paper Co., Ltd.	Long-term accounts receivable - related parties	Yes	\$ 81,184 (RMB 18,000)	\$ 81,184 (RMB 18,000)	\$ 81,184 (RMB 18,000)	2.5	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 2,210,772 (RMB 490,170)	\$ 2,210,772 (RMB 490,170)
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	108,245 (RMB 24,000)	108,245 (RMB 24,000)	108,245 (RMB 24,000)	2.5	Short-term financing	-	Operating capital	-	-	-	2,210,772 (RMB 490,170)	2,210,772 (RMB 490,170)
		Zhaoqing Dingfung Forestry Ltd.	Other receivables from related parties	Yes	133,051 (RMB 29,500)	133,051 (RMB 29,500)	133,051 (RMB 29,500)	2.5	Short-term financing	-	Operating capital	-	-	-	2,210,772 (RMB 490,170)	2,210,772 (RMB 490,170)
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	893,023 (RMB 198,000)	893,023 (RMB 198,000)	893,023 (RMB 198,000)	2.5	Short-term financing	-	Operating capital	-	-	-	2,210,772 (RMB 490,170)	2,210,772 (RMB 490,170)

Note 1: The number column of financing provided to others by Chung Hwa Pulp Corporation and subsidiaries is illustrated as follows:

a. The Company is numbered 0.

b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The balances are the approved amount that could be financed to others, including those not actually borrowed.

Note 3: a. Limitation of financing provided to Guangdong Dingfung Pulp & Paper Co., Ltd:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the latest quarter while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year. Contributions to the cash pool to be used for lending purposes shall not exceed 10% of the lender’s net equity of the prior year.

b. Limitation of financing provided to CHP International (BVI) Corporation:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the latest quarter while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year.

c. Limitation of financing provided to Shenzhen Jinglun Paper Co., Ltd.:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the prior year while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year. Contributions to the cash pool to be used for lending purposes shall not exceed 10% of the lender’s net equity of the prior year.

d. The participants of cash pooling share the quota as the end of the period balance. The end of the period balance has been repetitively calculated due to the arrangement of cash pooling, but the Company has not reached the quota of cash pooling.

Note 4: The exchange rates are RMB1=NT\$4.510218 as of March 31, 2024.

Note 5: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 2

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands) (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands) (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Name	Relationship (Note 2)										
0	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	b.	\$ 22,748,229	\$ 736,000 (US\$ 23,000)	\$ 736,000 (US\$ 23,000)	\$ 28,800	\$ -	4.85	\$ 30,330,972	Note 8	N	N
		Hwa Fong Investment Ind. Co., Ltd.	b.	22,748,229	130,000	130,000	70,700	-	0.86	30,330,972	Note 8	N	N

Note 1: The number column is illustrated as follows:

a. The Company is numbered 0.

b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structure.

Note 2: The 7 different relationships between endorsee and guarantee are as follows:

a. The companies with which it has business relations.

b. Subsidiaries in which it holds more than 50% of its total outstanding ordinary shares.

c. Companies in which it holds more than 50% of its total outstanding ordinary shares.

d. Companies in which it holds more than 90% of its total outstanding ordinary shares.

e. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

f. Shareholders making endorsements/guarantees for their mutually invested companies in proportion to their shareholding percentages.

g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit on endorsement/guarantee given on behalf of Chung Hwa Pulp Corporation to a single entity is 150% of the net equity of the latest consolidated financial statements issued by CPA. The limit on endorsement/guarantee is 200% of the net equity of the latest consolidated financial statements issued by CPA.

Note 4: The balance is the maximum amount endorsed/guaranteed to others during the period.

Note 5: The balance is the amount approved by the board of directors. If the chairman is authorized by the board of directors to make the endorsement/guarantee decisions based on the guidelines for lending of capital, endorsements and guarantees by Public Companies Art. 12.8, the balance is the amount approved by the chairman.

Note 6: The balance is the actual borrowing amount determined by the endorsee/guarantee within the limit.

Note 7: Endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent, and endorsement/guarantee given on behalf of companies in mainland China should be Y.

Note 8: The endorsee and guarantee jointly issued promissory notes in consideration of the line of credit of financial institutions.

TABLE 3

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
MARCH 31, 2024  
(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	March 31, 2024			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Chung Hwa Pulp Corporation	Ordinary shares	The investor is the member of the investee's board of directors.					
	SinoPac Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	108,368,224	\$ 2,346,172	0.9	\$ 2,346,172
	NTU Innovation & Incubation Co., Ltd.		Financial assets at fair value through profit or loss - non-current	800,000	-	6.3	-
	Groundhog Technologies Inc.		Financial assets at fair value through profit or loss - non-current	275,000	-	1	-
	KHL IB Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	16,415,242	151,111	14.9	151,111
	Direct Insight Inc.		Financial assets at fair value through other comprehensive income - non-current	286,200	48,082	0.9	48,082
	TaiGen Biopharmaceuticals Holdings Ltd.		Financial assets at fair value through other comprehensive income - non-current	17,829,132	275,460	2.5	275,460
	Medeon Biodesign, Inc.		Financial assets at fair value through other comprehensive income - non-current	407,550	17,647	0.4	17,647
Hwa Fong Investment Co., Ltd.	Ordinary shares	-					
	Caihui Technology Co., Ltd.		Financial assets at fair value through profit or loss - non-current	150,000	-	0.2	-
	SinoPac Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	2,467,287	53,417	-	53,417
Genovella Renewables Inc.	Mutual fund	-					
	SinoPac TWD Money Market Fund		Financial assets at fair value through profit or loss - current	452,369	6,491	-	6,491

Note 1: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

Note 2: Refer to Table 6 and Table 7 for information on investments in subsidiaries and associates.

**TABLE 4**

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
Chung Hwa Pulp Corporation	YFY Development Corp. Shenzhen Jinglun Paper Co., Ltd.	a.	Sale	\$ (138,784)	(3)	0.5 month after transaction month	\$ -	\$ -	\$ 35,102	1
		b.	Sale	(471,521) (Note 2)	(10)	5 months after transaction month	-	-	1,155,290 (Note 2)	35
	Union Paper Corp.	a.	Sale	(215,517)	(5)	1 month after transaction month	-	-	79,660	2
YFY Japan Co., Ltd.	Chung Hwa Pulp Corporation	b.	Purchase	167,897	4	By contract	-	-	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Ltd.	b.	Purchase	120,241 (Note 2)	18	2 month after transaction month	-	-	(50,982) (Note 2)	(27)
Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Sale	(120,241) (Note 2)	(100)	2 month after transaction month	-	-	50,982 (Note 2)	100

Note 1: a. Fellow subsidiaries.  
b. Parent company and subsidiary.

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

**TABLE 5**

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**MARCH 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Parent company and subsidiary	\$ 1,155,290 (Note)	1.75	\$ -	-	\$ 98,172	\$ -
	Yuen Foong Yu Consumer Products Co., Ltd.	Fellow subsidiaries	104,646	3.69	-	-	17,895	-

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

**TABLE 6**

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2024			Net Income of the Investee	Share of Profit	Note (Note)
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	British Virgin Island	Investment and holding	\$ 1,747,085	\$ 1,747,085	61,039,956	100.0	\$ 5,595,692	\$ 68,509	\$ 68,509	a.
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale of thin-film transistor liquid crystal display	329,000	329,000	20,000,000	1.7	740,249	1,324,306	23,186	b.
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.0	119,253	1,201	1,201	a.
Hwa Fong Investment Co., Ltd.	Genovella Renewables Inc.	Hualien, Taiwan	Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	5,000	5,000	-	100.0	26,171	950	950	a.
	Union Paper Corp	Yunlin, Taiwan	Pulp manufacturing, processing and sales business.	63,571	55,659	9,027,682	8.7	110,081	6,760	589	b.
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong	Sale and print of paper merchandise	US\$ 466 thousand	US\$ 466 thousand	34,000,000	100.0	6,798	540	540	a.

Note: a. Subsidiaries.  
b. Investments accounted for using the equity method.  
c. Refer to Table 7 for information on investments in mainland China.

TABLE 7

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands) (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (Foreign Currencies in Thousands) (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Foreign Currencies in Thousands) (Note 1)	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	\$ 2,740,160 (US\$ 85,630) (Note 3)	Investment in mainland China through companies set up in another country	\$ 422,400 (US\$ 13,200)	\$ -	\$ -	\$ 422,400 (US\$ 13,200)	\$ 35,028 (Note 2,b.)	60.0	\$ 21,017 (Note 2,b.)	\$ 2,929,569	\$ -
Shenzhen Syntax Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,433 (RMB 3,200)	(Note 5)	-	-	-	(Note 5)	(3,184) (Note 2,c.)	100.0	(3,184) (Note 2,c.)	105,273	-
Zhaoqing Dingfung Forestry Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	700,160 (US\$ 21,880)	Investment in mainland China through companies set up in another country	141,696 (US\$ 4,428)	-	-	141,696 (US\$ 4,428)	6,214 (Note 2,c.)	86.5 (Note 4)	5,376 (Note 2,c.)	2,724,840	-
Zhaoqing Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flue gas, noise and solid waste treatment; pure water treatment construction; environmental technology consulting; sale of environmental protection equipment and chemical raw material; import and export of cargo and technology	9,020 (RMB 2,000)	(Note 5)	-	-	-	(Note 5)	4,067 (Note 2,c.)	100.0	4,067 (Note 2,c.)	24,972	-
Guizhou Yuanfung Forestry Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	175,899 (RMB 39,000)	(Note 6)	-	-	-	(Note 6)	- (Note 2,c.)	67.0	- (Note 2,c.)	117,852	-

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$564,096 (Note 1)	\$1,363,392 (Note 1)	\$9,438,090

- Note 1: The exchange rates are US\$1=NT\$32 or RMB1=NT\$4.510218 as of March 31, 2024.
- Note 2: The recognition basis for investment gain (loss) are as follows:
- a. Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
  - b. Financial statements reviewed by the ROC CPA firm.
  - c. Others.
- Note 3: Guangdong Dingfung Pulp & Paper Co., Ltd. increased its capital by retained earnings in an amount of US\$41,630 thousand from 2004 to 2007, and increased its capital by retained earnings from 2007 and 2008 in an amount of US\$22,000 thousand in July 2015. The paid-in-capital after the capital increase was US\$85,630 thousand.
- Note 4: Ownership percentage of investment for CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. are 20.2% and 66.3%, respectively.
- Note 5: Investment in mainland China through companies set up in another country. The direct investor is Guangdong Dingfung Pulp & Paper Co., Ltd.
- Note 6: Investment in mainland China through companies set up in another country. The direct investor is Zhaoqing Dingfung Forestry Ltd.
- Note 7: For information on any investee company in mainland China, refer to Tables 1, 2, 4, 5 and 8.

**TABLE 8**

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Subsidiary	Accounts receivable Sales	\$ 1,155,290 471,521	5 months after transaction month By market price	3 9
2	Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Sales	120,241	By market price	2

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



**TABLE 9****CHUNG HWA PULP CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc. Company	627,827,989	57.8

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.