

**Chung Hwa Pulp Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 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, 2023 and 2022, 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 13 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, 2023 and 2022, combined total assets of these subsidiaries were NT\$4,842,013 thousand and NT\$5,168,118 thousand, respectively, representing 14% and 15%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$573,572 thousand and NT\$531,022 thousand, respectively, both representing 3%, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$7,875 thousand and NT\$17,292 thousand, respectively, representing (5%) and 4%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of March 31, 2023 and 2022, investments accounted for using the equity method of the Group were NT\$108,898 thousand and NT\$67,604 thousand, respectively; for the three months ended March 31, 2023 and 2022, shares of comprehensive (loss) income recognized were a loss of NT\$(1,165) thousand and a gain of NT\$31,704 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, 2023 and 2022, 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 Shu-Wan Lin and Hui-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 12, 2023

### Notice to Readers

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

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 799,772	2	\$ 805,296	2	\$ 971,391	3
Financial assets at fair value through profit or loss (Note 7)	17,901	-	26,082	-	2,395	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 26)	1,803,794	5	1,729,041	5	1,880,559	6
Financial assets at amortized cost - current (Note 9)	383,625	1	470,342	1	3,000	-
Notes and accounts receivable (Note 10)	3,339,255	10	3,268,971	9	3,573,205	10
Notes and accounts receivable from related parties (Note 26)	465,953	1	482,649	2	425,263	1
Other receivables from related parties (Note 26)	-	-	6,255	-	111,775	-
Inventories (Note 11)	5,268,850	15	4,987,857	14	3,925,325	11
Biological assets (Note 12)	3,294,202	9	3,255,711	9	3,373,301	10
Other current assets	<u>1,070,585</u>	<u>3</u>	<u>903,700</u>	<u>3</u>	<u>565,126</u>	<u>2</u>
Total current assets	<u>16,443,937</u>	<u>46</u>	<u>15,935,904</u>	<u>45</u>	<u>14,831,340</u>	<u>43</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	458,637	1	492,716	2	533,011	2
Financial assets at amortized cost - non-current (Note 9)	88,624	-	132,283	1	-	-
Investments accounted for using the equity method (Note 14)	718,102	2	769,254	2	582,541	2
Property, plant and equipment (Note 15)	16,004,096	45	16,151,011	46	16,814,007	49
Right-of-use assets (Note 16)	473,483	1	478,428	1	489,326	1
Investment properties (Note 17)	755,476	2	755,542	2	256,543	1
Deferred tax assets (Note 22)	127,423	1	127,439	-	127,968	-
Prepayments for equipment	136,675	1	131,197	-	176,272	1
Net defined benefit asset (Note 19)	366,145	1	366,066	1	291,813	1
Other non-current assets	<u>122,631</u>	<u>-</u>	<u>99,331</u>	<u>-</u>	<u>78,242</u>	<u>-</u>
Total non-current assets	<u>19,251,292</u>	<u>54</u>	<u>19,503,267</u>	<u>55</u>	<u>19,349,723</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 35,695,229</u>	<u>100</u>	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 34,181,063</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 3,526,500	10	\$ 2,640,000	7	\$ 4,458,912	13
Short-term bills payable (Note 18)	8,326,968	23	249,851	1	5,849,603	17
Financial liabilities at fair value through profit or loss - current (Note 7)	13,348	-	9,005	-	14,716	-
Notes and accounts payable	1,590,201	5	1,760,322	5	1,606,522	5
Notes and accounts payable to related parties (Note 26)	236,880	1	251,203	1	365,443	1
Other payables	1,163,886	3	1,029,904	3	1,488,545	5
Other payables to related parties (Note 26)	-	-	-	-	3,653	-
Current tax liabilities (Note 22)	2,221	-	1,510	-	1,994	-
Lease liabilities - current (Notes 16 and 26)	30,573	-	32,663	-	27,395	-
Other current liabilities (Note 26)	<u>397,816</u>	<u>1</u>	<u>368,860</u>	<u>1</u>	<u>461,648</u>	<u>1</u>
Total current liabilities	<u>15,288,393</u>	<u>43</u>	<u>6,343,318</u>	<u>18</u>	<u>14,278,431</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 18)	491,588	1	8,690,645	24	-	-
Deferred tax liabilities (Note 22)	2,073,441	6	2,073,441	6	2,060,083	6
Lease liabilities - non-current (Notes 16 and 26)	27,074	-	29,015	-	26,668	-
Other non-current liabilities	<u>213,449</u>	<u>1</u>	<u>208,142</u>	<u>1</u>	<u>178,821</u>	<u>-</u>
Total non-current liabilities	<u>2,805,552</u>	<u>8</u>	<u>11,001,243</u>	<u>31</u>	<u>2,265,572</u>	<u>6</u>
Total liabilities	<u>18,093,945</u>	<u>51</u>	<u>17,344,561</u>	<u>49</u>	<u>16,544,003</u>	<u>48</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Share capital	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>32</u>
Capital surplus	<u>35,909</u>	<u>-</u>	<u>35,632</u>	<u>-</u>	<u>29,272</u>	<u>-</u>
Retained earnings						
Legal reserve	268,212	1	268,212	1	226,257	1
Special reserve	1,186,894	3	1,186,894	3	1,186,894	3
Unappropriated earnings	<u>1,959,534</u>	<u>6</u>	<u>2,456,364</u>	<u>7</u>	<u>1,946,807</u>	<u>6</u>
Total retained earnings	<u>3,414,640</u>	<u>10</u>	<u>3,911,470</u>	<u>11</u>	<u>3,359,958</u>	<u>10</u>
Other equity	<u>903,192</u>	<u>2</u>	<u>945,713</u>	<u>3</u>	<u>1,086,970</u>	<u>3</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	<u>15,245,368</u>	<u>43</u>	<u>15,784,442</u>	<u>45</u>	<u>15,367,827</u>	<u>45</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>2,355,916</u>	<u>6</u>	<u>2,310,168</u>	<u>6</u>	<u>2,269,233</u>	<u>7</u>
Total equity	<u>17,601,284</u>	<u>49</u>	<u>18,094,610</u>	<u>51</u>	<u>17,637,060</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 35,695,229</u>	<u>100</u>	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 34,181,063</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 12, 2023)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 26)				
Sales	\$ 5,468,737	100	\$ 5,511,918	100
Sales returns and allowances	<u>47,841</u>	<u>1</u>	<u>29,639</u>	<u>1</u>
Net sales	5,420,896	99	5,482,279	99
Other operating revenue	<u>44,195</u>	<u>1</u>	<u>44,488</u>	<u>1</u>
Total operating revenue	<u>5,465,091</u>	<u>100</u>	<u>5,526,767</u>	<u>100</u>
OPERATING COSTS (Notes 11, 19, 21 and 26)				
Cost of goods sold	5,107,142	93	5,038,294	91
Other operating cost	<u>31,521</u>	<u>1</u>	<u>34,886</u>	<u>1</u>
Total operating costs	<u>5,138,663</u>	<u>94</u>	<u>5,073,180</u>	<u>92</u>
(LOSS) GAIN FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Note 12)	<u>(314)</u>	<u>-</u>	<u>114</u>	<u>-</u>
GROSS PROFIT	<u>326,114</u>	<u>6</u>	<u>453,701</u>	<u>8</u>
OPERATING EXPENSES (Notes 19, 21 and 26)				
Selling and marketing	345,118	6	487,738	9
General and administrative	83,846	1	82,142	1
Research and development	<u>41,663</u>	<u>1</u>	<u>30,657</u>	<u>1</u>
Total operating expenses	<u>470,627</u>	<u>8</u>	<u>600,537</u>	<u>11</u>
LOSS FROM OPERATIONS	<u>(144,513)</u>	<u>(2)</u>	<u>(146,836)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 21 and 26)	(54,956)	(1)	(23,860)	-
Share of profit of associates (Note 14)	29,614	1	40,742	1
Interest income (Note 26)	7,226	-	4,075	-
Gain from bargain purchase (Note 14)	5,454	-	6,471	-
Other income (Note 26)	29,470	-	15,526	-
Gain on disposal of property, plant and equipment	60	-	-	-
Foreign exchange gain	13,933	-	85,280	2
Loss on financial instruments at FVTPL	(20,814)	-	(30,326)	(1)
Other losses	<u>(386)</u>	<u>-</u>	<u>(2,321)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,601</u>	<u>-</u>	<u>95,587</u>	<u>2</u>

(Continued)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (134,912)	(2)	\$ (51,249)	(1)
INCOME TAX EXPENSE (Notes 4 and 22)	(713)	-	(334)	-
NET LOSS FOR THE PERIOD	(135,625)	(2)	(51,583)	(1)
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at FVTOCI	(40,866)	(1)	185,441	4
Share of the other comprehensive income of associates	5,789	-	16,026	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	12,887	-	265,552	5
Share of the other comprehensive (loss) income of associates	(9,528)	-	30,834	-
Other comprehensive (loss) income for the period, net of income tax	(31,718)	(1)	497,853	9
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	\$ (167,343)	(3)	\$ 446,270	8
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (170,052)	(3)	\$ (58,056)	(1)
Non-controlling interests	34,427	1	6,473	-
	\$ (135,625)	(2)	\$ (51,583)	(1)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (213,091)	(4)	\$ 355,735	6
Non-controlling interests	45,748	1	90,535	2
	\$ (167,343)	(3)	\$ 446,270	8

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# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

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	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
LOSS PER SHARE (Note 23)				
Basic	\$ (0.16)		\$ (0.05)	

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

(With Deloitte & Touche auditors' review report dated May 12, 2023)

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## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Notes 20)												
	Share Capital		Capital Surplus	Retained Earnings				Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	1,102,835	\$ 11,028,353	\$ 28,880	\$ 226,257	\$ 1,186,894	\$ 2,453,095	\$ 3,866,246	\$ (426,827)	\$ 1,109,486	\$ (136,726)	\$ 15,469,412	\$ 2,164,152	\$ 17,633,564
Appropriation of 2021 earnings													
Cash dividends distributed by the Company	-	-	-	-	-	(441,134)	(441,134)	-	-	-	(441,134)	-	(441,134)
Adjustments for the changes in equity of associates	-	-	393	-	-	(6)	(6)	-	-	-	387	-	387
Unclaimed dividends reversed	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Net loss for the three months ended March 31, 2022	-	-	-	-	-	(58,056)	(58,056)	-	-	-	(58,056)	6,473	(51,583)
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	212,324	201,467	-	413,791	84,062	497,853
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	(58,056)	(58,056)	212,324	201,467	-	355,735	90,535	446,270
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	14,546	14,546
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	9,480	9,480	-	(9,480)	-	-	-	-
Difference between the consideration received and the carrying amount of the associates' net assets during actual disposal	-	-	-	-	-	(16,572)	(16,572)	-	-	-	(16,572)	-	(16,572)
BALANCE AT MARCH 31, 2022	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 29,272</u>	<u>\$ 226,257</u>	<u>\$ 1,186,894</u>	<u>\$ 1,946,807</u>	<u>\$ 3,359,958</u>	<u>\$ (214,503)</u>	<u>\$ 1,301,473</u>	<u>\$ (136,726)</u>	<u>\$ 15,367,827</u>	<u>\$ 2,269,233</u>	<u>\$ 17,637,060</u>
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 income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(7,962)	(35,077)	-	(43,039)	11,321	(31,718)
Total comprehensive income (loss) 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>\$ (136,726)</u>	<u>\$ 15,245,368</u>	<u>\$ 2,355,916</u>	<u>\$ 17,601,284</u>

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

(With Deloitte & Touche auditors' review report dated May 12, 2023)



# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (134,912)	\$ (51,249)
Adjustments for:		
Depreciation and amortization expenses	306,136	303,885
Loss on financial instruments at FVTPL	20,814	30,326
Finance costs	54,956	23,860
Interest income	(7,226)	(4,075)
Share of profit of associates	(29,614)	(40,742)
Gain on disposal of property, plant and equipment	(60)	-
Reversal of write-downs of inventories	(5,748)	(9,272)
Unrealized loss on foreign currency exchange	(16,936)	(63,003)
Gain (loss) on changes in fair value less costs to sell of biological assets	314	(114)
Gain from bargain purchase	(5,454)	(6,471)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(8,482)	(23,178)
Notes and accounts receivable	(48,701)	(7,829)
Notes and accounts receivable from related parties	17,282	33,553
Inventories	(271,952)	389,582
Biological assets	(22,784)	(55,054)
Other current assets	(71,006)	25,602
Net defined benefit asset	(79)	(34)
Notes and accounts payable	(171,161)	72,657
Notes and accounts payable to related parties	(14,318)	(79,235)
Other payables	(151,229)	(88,347)
Other payables to related parties	-	(5,755)
Other current liabilities	9,512	(10,279)
Cash (used in) generated from operations	(550,648)	434,828
Interest received	2,588	4,079
Interest paid	(60,409)	(25,882)
Income tax paid	(9)	(7)
Net cash (used in) generated from operating activities	<u>(608,478)</u>	<u>413,018</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from financial assets at amortized cost	127,427	220,408
Purchase of investments accounted for using the equity method	(7,435)	(8,829)
Purchase of financial assets at fair value through other comprehensive income	(81,540)	-
Proceeds from investments accounted for using the equity method	-	258,673
Payments for property, plant and equipment	(169,760)	(569,608)
Proceeds from disposal of property, plant and equipment	60	13

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# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Gain from lease modifications	\$ -	\$ (2)
Decrease in other receivables from related parties	6,301	137
(Increase) decrease in other non-current assets	(25,233)	431
(Increase) decrease in prepayments for equipment	<u>(5,343)</u>	<u>316,867</u>
Net cash (used in) generated from investing activities	<u>(155,523)</u>	<u>218,090</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	886,500	451,017
Increase in short-term bills payable	8,077,117	200,382
Repayments of long-term borrowings	(8,200,000)	(800,000)
Repayment of the principal portion of lease liabilities	(9,291)	(7,536)
Increase (decrease) in other non-current liabilities	4,331	(79,914)
Reversal of unclaimed dividends transferred to capital surplus	-	(1)
Increase in non-controlling interest	<u>-</u>	<u>14,546</u>
Net cash generated from (used in) financing activities	<u>758,657</u>	<u>(221,506)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(180)</u>	<u>25,661</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,524)</b>	<b>435,263</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b><u>805,296</u></b>	<b><u>536,128</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>\$ 799,772</u></b>	<b><u>\$ 971,391</u></b>

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

(With Deloitte & Touche auditors' review report dated May 12, 2023)

(Concluded)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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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. After this transaction, the Company became a subsidiary of YFY Inc.

YFY Inc. and its subsidiaries both held 58.6% of ordinary shares of the Company as of March 31, 2023 and 2022.

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 12, 2023.

### 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

(Concluded)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

#### **4. SUMMARY OF 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 13, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for leases and other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2022.

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, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand	\$ 1,678	\$ 1,842	\$ 2,521
Checking accounts and demand deposits	500,682	638,773	597,120
Cash equivalents			
Time deposits with original maturities of less than three months	<u>297,412</u>	<u>164,681</u>	<u>371,750</u>
	<u>\$ 799,772</u>	<u>\$ 805,296</u>	<u>\$ 971,391</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
<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	\$ 11,493	\$ 19,692	\$ 1,030
Non-derivative financial assets			
Mutual funds	<u>6,408</u>	<u>6,390</u>	<u>1,365</u>
	<u>\$ 17,901</u>	<u>\$ 26,082</u>	<u>\$ 2,395</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting) foreign exchange forward contracts	<u>\$ 13,348</u>	<u>\$ 9,005</u>	<u>\$ 14,716</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>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
<u>December 31, 2022</u>			
Sell	USD:NTD	2023.1.13-2023.3.15	USD41,700/NTD1,280,607
	EUR:NTD	2023.1.30-2023.2.6	EUR11,000/NTD359,920
	RMB:NTD	2023.1.31-2023.3.31	RMB48,000/NTD211,632
Buy	USD:RMB	2023.1.19-2023.6.30	USD36,000/RMB250,762
<u>March 31, 2022</u>			
Sell	USD:NTD	2022.04.15-2022.05.24	USD16,700/NTD478,038
	EUR:NTD	2022.04.11-2022.04.19	EUR6,000/NTD191,520
Buy	USD:RMB	2022.04.20-2022.06.28	USD35,000/RMB222,187

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, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Listed shares	\$ <u>1,803,794</u>	\$ <u>1,729,041</u>	\$ <u>1,880,559</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 290,920	\$ 308,709	\$ 327,031
Unlisted shares	<u>167,717</u>	<u>184,007</u>	<u>205,980</u>
	<u>\$ 458,637</u>	<u>\$ 492,716</u>	<u>\$ 533,011</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 ASSETS AT AMORTIZED COST**

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturity between three months and a year	\$ 3,000	\$ 3,000	\$ 3,000
Foreign investments			
Time deposits with original maturity between three months and a year	<u>380,625</u>	<u>467,342</u>	<u>-</u>
	<u>\$ 383,625</u>	<u>\$ 470,342</u>	<u>\$ 3,000</u>
<u>Non-current</u>			
Foreign investments			
Time deposits with original maturity of more than a year	<u>\$ 88,624</u>	<u>\$ 132,283</u>	<u>\$ -</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rates for time deposits with original maturity between three months and a year were 1.57%-5.07%, 1.44%-5.07% and 0.82%, respectively. The interest rates for time deposits with original maturity of more than a year both were 3.25%.

## 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable - operating	\$ 503,983	\$ 446,796	\$ 652,389
Accounts receivable - operating	<u>2,852,104</u>	<u>2,838,967</u>	<u>2,939,359</u>
Gross carrying amount	3,356,087	3,285,763	3,591,748
Less: Allowance for impairment loss	<u>(16,832)</u>	<u>(16,792)</u>	<u>(18,543)</u>
	<u>\$ 3,339,255</u>	<u>\$ 3,268,971</u>	<u>\$ 3,573,205</u>

The Group's customers are a large number of unrelated customers that did not create 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. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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 receivables 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 accounts receivable based on the Group's provision matrix.

### 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>

### December 31, 2022

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,775,257	\$ 483,968	\$ 26,534	\$ 4	\$ 3,285,763
Loss allowance (Lifetime ECL)	<u>(423)</u>	<u>(10,084)</u>	<u>(6,281)</u>	<u>(4)</u>	<u>(16,792)</u>
Amortized cost	<u>\$ 2,774,834</u>	<u>\$ 473,884</u>	<u>\$ 20,253</u>	<u>\$ -</u>	<u>\$ 3,268,971</u>



March 31, 2022

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,891,303	\$ 580,891	\$ 117,088	\$ 2,466	\$ 3,591,748
Loss allowance (Lifetime ECLs)	<u>(11,712)</u>	<u>(2,583)</u>	<u>(1,782)</u>	<u>(2,466)</u>	<u>(18,543)</u>
Amortized cost	<u>\$ 2,879,591</u>	<u>\$ 578,308</u>	<u>\$ 115,306</u>	<u>\$ -</u>	<u>\$ 3,573,205</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 16,792	\$ 18,238
Foreign exchange translation gains and losses	<u>40</u>	<u>305</u>
Balance at March 31	<u>\$ 16,832</u>	<u>\$ 18,543</u>

As of March 31, 2022, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$8,451 thousand. For information on the transfer of financial instruments, refer to Note 25.

**11. INVENTORIES**

	March 31, 2023	December 31, 2022	March 31, 2022
Finished and purchased goods	\$ 2,937,520	\$ 2,754,404	\$ 2,317,786
Work in process	573,229	570,663	373,603
Materials	<u>1,758,101</u>	<u>1,662,790</u>	<u>1,233,936</u>
	<u>\$ 5,268,850</u>	<u>\$ 4,987,857</u>	<u>\$ 3,925,325</u>

The cost of goods sold for the three months ended March 31, 2023 and 2022 included reversals of inventory write-downs of \$5,748 thousand and \$9,272 thousand, respectively.

**12. BIOLOGICAL ASSETS**

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 3,255,711	\$ 3,193,535
Increases due to planting	45,402	74,653
(Loss) gain from changes in fair value less costs to sell	(314)	114
Decreases due to harvest	(22,618)	(19,599)
Net exchange differences	<u>16,021</u>	<u>124,598</u>
Balance at March 31	<u>\$ 3,294,202</u>	<u>\$ 3,373,301</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Eucalyptus (Level 3)	<u>\$ 3,399,517</u>	<u>\$ 3,359,818</u>	<u>\$ 3,481,001</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,359,818	\$ 3,295,021
Increase due to planting	46,808	77,689
(Loss) gain from changes in fair value less costs to sell	(324)	119
Decrease due to harvest	(23,319)	(20,397)
Foreign exchange translation gains and losses	<u>16,534</u>	<u>128,569</u>
Balance at March 31	<u>\$ 3,399,517</u>	<u>\$ 3,481,001</u>

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

### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			March 31, 2023	December 31, 2022	March 31, 2022
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
	Zhaoxing 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. (Note)	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	67.0	67.0	67.0

Note: Established in the fourth quarter of 2021, and the capital injection has been executed successively in 2022.

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, 2023 and 2022, combined total assets of these subsidiaries were \$4,842,013 thousand and \$5,168,118 thousand, respectively, representing 14% and 15%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$573,572 thousand and \$531,022 thousand, respectively, both representing 3% of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were \$7,875 thousand and \$17,292 thousand, respectively, representing (5%) and 4%, respectively, of the consolidated total comprehensive income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material	<u>\$ 718,102</u>	<u>\$ 769,254</u>	<u>\$ 582,541</u>

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

	For the Three Months Ended March 31	
	2023	2022
The Group's share of:		
Profit from continuing operations	\$ 29,614	\$ 40,742
Other comprehensive (loss) income	<u>(3,739)</u>	<u>46,860</u>
Total comprehensive income for the period	<u>\$ 25,875</u>	<u>\$ 87,602</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 and 2022, the Group obtained 1,059,014 and 1,257,568 voting shares of Union Paper Corporation., Ltd. at \$7.02 per share, with a total investment of \$7,435 thousand and \$8,829 thousand, respectively, and 1.02% and 1.21% of voting rights, respectively. The Group recognized a gain from bargain purchase of \$5,454 thousand and \$6,471 thousand, respectively.

In February 2022, the Group sold its ownership of Effion Eneritech Co., Ltd. to YFY Inc. at \$258,673 thousand, and the difference between the transaction price and the carrying amount was \$16,572 thousand, which was recognized as the difference in equity and presented in unappropriated earnings as debit balance.

As of March 31, 2023 and 2022, investments accounted for using the equity method of the Group were \$108,898 thousand and \$67,604 thousand, respectively, for the three months ended March 31, 2023 and 2022, shares of comprehensive net (loss) income of (\$1,165) thousand and \$31,704 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 Group is able to exercise significant influence over some associates that are not individually material even if it holds less than 20% of their voting rights. Thus, the Group uses the equity method to account for its investments in these associates.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 8,197,658	\$ 4,114,135	\$ 30,999,749	\$ 3,122,751	\$ 1,862,583	\$ 838,925	\$ 798,540	\$ 49,934,341
Additions	-	527	7,957	1,587	1,604	3,994	567,062	582,731
Disposals	-	-	(205)	(123,750)	(1,069)	(62)	-	(125,086)
Effect of foreign currency exchange differences	-	27,778	171,715	-	65	6,681	7,326	213,565
Reclassifications	-	1,883	365,955	1,675	17,504	2,303	(389,320)	-
Balance at March 31, 2022	<u>\$ 8,197,658</u>	<u>\$ 4,144,323</u>	<u>\$ 31,545,171</u>	<u>\$ 3,002,263</u>	<u>\$ 1,880,687</u>	<u>\$ 851,841</u>	<u>\$ 983,608</u>	<u>\$ 50,605,551</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ -	\$ 3,100,754	\$ 25,569,942	\$ 2,561,509	\$ 1,574,842	\$ 690,375	\$ -	\$ 33,497,422
Disposals	-	-	(205)	(123,750)	(1,056)	(62)	-	(125,073)
Depreciation expenses	-	27,369	204,432	22,057	26,944	10,877	-	291,679
Effect of foreign currency exchange differences	-	11,684	111,078	-	59	4,695	-	127,516
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 3,139,807</u>	<u>\$ 25,885,247</u>	<u>\$ 2,459,816</u>	<u>\$ 1,600,789</u>	<u>\$ 705,885</u>	<u>\$ -</u>	<u>\$ 33,791,544</u>
Carrying amounts at March 31, 2022	<u>\$ 8,197,658</u>	<u>\$ 1,004,516</u>	<u>\$ 5,659,924</u>	<u>\$ 542,447</u>	<u>\$ 279,898</u>	<u>\$ 145,956</u>	<u>\$ 983,608</u>	<u>\$ 16,814,007</u>
<b>Cost</b>								
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>
<b>Accumulated depreciation and impairment</b>								
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 January 31, 2023	<u>\$ 7,922,547</u>	<u>\$ 955,297</u>	<u>\$ 5,252,862</u>	<u>\$ 512,972</u>	<u>\$ 243,575</u>	<u>\$ 132,955</u>	<u>\$ 1,130,803</u>	<u>\$ 16,151,011</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>

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

Buildings	
Main buildings	15-35 years
Others	3-44 years
Machinery	3-15 years
Electric equipment	5-15 years
Tools	3-5 years
Miscellaneous equipment	3-20 years

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 426,541	\$ 428,111	\$ 444,102
Buildings	22,919	23,880	22,267
Office equipment	18,253	19,989	17,923
Transportation equipment	<u>5,770</u>	<u>6,448</u>	<u>5,034</u>
	<u>\$ 473,483</u>	<u>\$ 478,428</u>	<u>\$ 489,326</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Additions to right-of-use assets		<u>\$ 5,265</u>	<u>\$ 8,571</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,639	\$ 3,711
Buildings		4,358	3,431
Office equipment		1,454	2,838
Transportation equipment		<u>2,822</u>	<u>364</u>
		<u>\$ 12,273</u>	<u>\$ 10,344</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, 2023 and 2022.

### b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 30,573</u>	<u>\$ 32,663</u>	<u>\$ 27,395</u>
Non-current	<u>\$ 27,074</u>	<u>\$ 29,105</u>	<u>\$ 26,668</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	0.88%-1.02%	0.88%-1.02%	0.88%-1.21%
Buildings	0.88%-2.50%	0.88%-1.21%	0.97%-1.21%
Office equipment	0.88%-1.75%	0.88%-1.21%	0.97%-1.21%
Transportation equipment	0.88%-1.21%	0.88%-1.21%	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 17.

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 18,310</u>	<u>\$ 18,701</u>
Total cash outflow for leases	<u>\$ (35,750)</u>	<u>\$ (31,446)</u>

## 17. INVESTMENT PROPERTIES

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Opening balance	<u>\$ 771,534</u>	<u>\$ 272,334</u>
Ending balance	<u>\$ 771,534</u>	<u>\$ 272,334</u>
<u>Accumulated depreciation and impairment</u>		
Opening balance	\$ (15,992)	\$ (15,724)
Depreciation expenses	<u>(66)</u>	<u>(67)</u>
Ending balance	<u>\$ (16,058)</u>	<u>\$ (15,791)</u>
Opening carrying amount	<u>\$ 755,542</u>	<u>\$ 256,610</u>
Ending carrying amount	<u>\$ 755,476</u>	<u>\$ 256,543</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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fair value	<u>\$ 856,590</u>	<u>\$ 856,590</u>	<u>\$ 357,390</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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Lease commitments of investment properties	<u>\$ 316,541</u>	<u>\$ 322,251</u>	<u>\$ 24,125</u>

## 18. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Bank credit loans	\$ 3,526,500	\$ 2,640,000	\$ 3,810,000
Letter of credit loans	<u>-</u>	<u>-</u>	<u>648,912</u>
	<u>\$ 3,526,500</u>	<u>\$ 2,640,000</u>	<u>\$ 4,458,912</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, interest rates on short-term borrowings were 1.50%-1.88%, 1.21-1.85% and 0.52%-1.20%, respectively.

### b. Short-term bills payable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Commercial paper	\$ 8,350,000	\$ 25,000	\$ 5,850,000
Less: Unamortized discounts on bills payable	<u>(23,032)</u>	<u>(149)</u>	<u>(397)</u>
	<u>\$ 8,326,968</u>	<u>\$ 249,851</u>	<u>\$ 5,849,603</u>

Short-term bills payable are commercial papers due within one year. As of March 31, 2023, December 31, 2022 and March 31, 2022, interest rates on bills payable were 1.25%-1.55%, 1.55% and 0.23%-0.89%, respectively.

### c. Long-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank loans	\$ 500,000	\$ 8,700,000	\$ -
Less: Loan management fees	<u>(8,412)</u>	<u>(9,355)</u>	<u>-</u>
Long-term bank loans	<u>\$ 491,588</u>	<u>\$ 8,690,645</u>	<u>\$ -</u>

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

	Due Date	Article	Interest Rate	March 31, 2023	December 31, 2022	March 31, 2022
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	\$ 500,000	\$ 500,000	\$ -
Syndicated loan from Taipei Fubon Bank and Bank of Taiwan - credit loan B	2027.09.30	The credit can be revolved within 60 months from September 30, 2022, the first drawdown date of the loan. The credit has repaid in advance in the first quarter of 2023.	1.79	-	4,500,000	-
Taiwan Bank syndicated loan - loan A	2025.03.31	The credit can be revolved within 60 months from March 31, 2020, the first drawdown date of the loan. The credit has repaid in advance in the first quarter of 2023.	1.79-1.81	-	3,700,000	-
				<u>\$ 500,000</u>	<u>\$ 8,700,000</u>	<u>\$ -</u>

## 19. 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, 2022 and 2021 in the following items:

	For the Three Months Ended March 31	
	2023	2022
Operating costs	<u>\$ 5,955</u>	<u>\$ 6,221</u>
Selling and marketing expenses	<u>\$ 128</u>	<u>\$ 127</u>
General and administrative expenses	<u>\$ 435</u>	<u>\$ 481</u>

## 20. EQUITY

### a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
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, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
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	12,145	11,868	6,303
Capital surplus transferred from unclaimed dividends	<u>2,463</u>	<u>2,463</u>	<u>1,668</u>
	<u>\$ 35,909</u>	<u>\$ 35,632</u>	<u>\$ 29,272</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, and 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 21 (d).

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

- 1) At least 20% as cash dividends; and
- 2) 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 deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 IFRSs”, the Company should 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 2022 and 2021 were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 48,635	\$ 41,955
Cash dividends	\$ 326,067	\$ 441,134
Cash dividends per share (NT\$)	\$ 0.3	\$0.4

The above appropriations for cash dividends were resolved by the Company’s board of directors on March 15, 2023 and March 15, 2022; the other proposed appropriations in 2021 was resolved by the shareholders in their meeting in June 17, 2022, the other proposed appropriations in 2022 will be resolved by the shareholders in their meeting in June 30 2023. 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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Special reserves	\$ 1,186,894	\$ 1,186,894	\$ 1,186,894

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>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

(Continued)

	<b>Exchange Differences Arising on Translating the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Total</b>
(Loss) gain arising on changes in the fair value of hedging instruments	\$ (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>

2022

Balance at January 1	\$ (426,827)	\$ 1,109,486	\$ 682,659
Unrealized gain on financial assets at FVTOCI	-	185,441	185,441
Exchange differences on translating the financial statements of foreign operations	181,490	-	181,490
Share of other comprehensive income of associates	30,834	16,026	46,860
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal of associates	<u>-</u>	<u>(9,480)</u>	<u>(9,480)</u>
Balance at March 31	<u>\$ (214,503)</u>	<u>\$ 1,301,473</u>	<u>\$ 1,086,970</u>

(Concluded)

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,310,168	\$ 2,164,152
Addition	-	14,546
Attributable to non-controlling interests:		
Share of profit for the period	34,427	6,473
Exchange differences on translating the financial statements of foreign operations	<u>11,321</u>	<u>84,062</u>
Balance at March 31	<u>\$ 2,355,916</u>	<u>\$ 2,269,233</u>

- g. As of March 31, 2023, 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.

## 21. NET LOSS FROM CONTINUING OPERATIONS

### a. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 55,057	\$ 24,049
Add: Interests of lease liabilities	158	146
Less: Amounts included in the cost of qualifying assets	<u>(259)</u>	<u>(335)</u>
	<u>\$ 54,956</u>	<u>\$ 23,860</u>

Information on capitalized interest was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalization rate	1.75%-1.81%	0.84%-0.88%

### b. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 297,925	\$ 295,961
Operating expenses	<u>6,239</u>	<u>6,129</u>
	<u>\$ 304,164</u>	<u>\$ 302,090</u>
An analysis of amortization by function		
Operating costs	\$ 1,198	\$ 796
Operating expenses	<u>774</u>	<u>999</u>
	<u>\$ 1,972</u>	<u>\$ 1,795</u>

### c. Employee benefit expense

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 19,925	\$ 20,054
Defined benefit plans	<u>6,518</u>	<u>6,829</u>
	26,443	26,883
Other employee benefits	<u>516,728</u>	<u>509,856</u>
Total employee benefit expense	<u>\$ 543,171</u>	<u>\$ 536,739</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of employee benefit expense by function		
Operating costs	\$ 482,871	\$ 476,486
Operating expenses	<u>60,300</u>	<u>60,253</u>
	<u>\$ 543,171</u>	<u>\$ 536,739</u> (Concluded)

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 and 2022, due to operation loss, the Company did not estimate the compensation of employees and the remuneration of directors.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 15, 2023 and March 15, 2022 are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$ 5,000</u>	<u>\$ 6,000</u>
Remuneration of directors	<u>\$ 6,500</u>	<u>\$ 7,000</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.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current period	<u>\$ 713</u>	<u>\$ 334</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”, Zhaoging Xinchuan Green Technology Co., Ltd. has met its requirements. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax assessments

	<b><u>Latest Approved Year</u></b>
The Company	2021
Genovella Renewables Inc. (c)	2021
Hwa Fong Investments Co., Ltd.	2021

**23. LOSS PER SHARE**

	<b><u>For the Three Months Ended March 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Basic loss per share	<u>\$ (0.16)</u>	<u>\$ (0.05)</u>

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

Net loss for the period is as follows:

	<b><u>For the Three Months Ended March 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Loss for the period attributable to owners of the Company	<u>\$ (170,052)</u>	<u>\$ (58,056)</u>

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

	<b><u>For the Three Months Ended March 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>1,086,891</u>	<u>1,086,891</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.

## 24. 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.

## 25. 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 approximate their fair values.

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
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>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 6,390	\$ -	\$ -	\$ 6,390
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>19,692</u>	<u>-</u>	<u>19,692</u>
	<u>\$ 6,390</u>	<u>\$ 19,692</u>	<u>\$ -</u>	<u>\$ 26,082</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,037,750	\$ -	\$ -	\$ 2,037,750
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>184,007</u>	<u>184,007</u>
	<u>\$ 2,037,750</u>	<u>\$ -</u>	<u>\$ 184,007</u>	<u>\$ 2,221,757</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 9,005</u>	<u>\$ -</u>	<u>\$ 9,005</u>

March 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 1,365	\$ -	\$ -	\$ 1,365
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>1,030</u>	<u>-</u>	<u>1,030</u>
	<u>\$ 1,365</u>	<u>\$ 1,030</u>	<u>\$ -</u>	<u>\$ 2,395</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,207,590	\$ -	\$ -	\$ 2,207,590
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>205,980</u>	<u>205,980</u>
	<u>\$ 2,207,590</u>	<u>\$ -</u>	<u>\$ 205,980</u>	<u>\$ 2,413,570</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 14,716</u>	<u>\$ -</u>	<u>\$ 14,716</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.



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

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>

For the three months ended March 31, 2022

<b>Financial Assets</b>	<b>Financial Assets of Equity Securities at FVTOCI</b>
Balance at January 1, 2022	\$ 273,721
Recognized in other comprehensive loss	<u>(67,741)</u>
Balance at March 31, 2022	<u>\$ 205,980</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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 the 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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</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 increase (decrease) as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Discount for lack of marketability			
2.5% increase	<u>\$ (4,933)</u>	<u>\$ (5,412)</u>	<u>\$ (6,058)</u>
2.5% decrease	<u>\$ 4,933</u>	<u>\$ 5,412</u>	<u>\$ 6,058</u>

b. Categories of financial instruments

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 17,901	\$ 26,082	\$ 2,395
Financial assets at amortized cost (1)	5,396,172	5,550,003	5,273,948
Financial assets at FVTOCI	2,262,431	2,221,757	2,413,570
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	13,348	9,005	14,716
Financial liabilities at amortized cost (2)	15,549,472	14,830,067	13,951,499

- 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 target 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 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.

The following table details the Group's sensitivity to a 5% increase in the functional currency against the relevant foreign currencies. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Influence to profit or loss at 5% variance		
USD	\$ 93,404	\$ 108,533
RMB	103,988	113,442
EUR	7,666	6,148

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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 769,661	\$ 773,561	\$ 486,525
Financial liabilities	8,876,203	9,002,174	5,903,666
Cash flow interest rate risk			
Financial assets	500,682	638,773	597,120
Financial liabilities	3,526,500	2,640,000	4,458,912

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 for the three months ended March 31, 2023 and 2022 would decrease as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Decrease/increase	\$ 756	\$ 965

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 for the three months ended March 31, 2023 and 2022 would increase/decrease as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax		
Increase/decrease	\$ 320	\$ 68
Other comprehensive income		
Increase/decrease	113,122	120,679

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 is 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% and 11% of total amounts of trade receivables as of March 31, 2023 and 2022, respectively, 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 the credit risk from specific customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, 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, 2023 and 2022, the Group's unused financing facilities were \$8,982,348 thousand and \$6,074,852 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 discounted and received amount and the ranges of interest rates were as follows:

	<b>For the Three Months Ended March 31, 2022</b>
The discounted amount	<u>\$ 8,451</u>
The received amount	<u>\$ 8,351</u>
Interest rates	2.60%

**26. 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, 2023, December 31, 2022 and March 31, 2022.

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

a. 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
YFY International Ltd.	Fellow subsidiary
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	Fellow subsidiary
YFY Family Care (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Family Paper (Beijing) Co., Ltd.	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
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
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
YFY Jupiter Ltd.	Fellow subsidiary
MOBIUS 105 LIMITED	Fellow subsidiary
YFY Holding Management Co., Ltd.	Fellow subsidiary
Yuen Foong Shop 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>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ 637,213	\$ 620,227
Substantial related parties	33,913	52,307
Parent company	8	4
Parent's associates	<u>42</u>	<u>2</u>
	<u>\$ 671,176</u>	<u>\$ 672,540</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>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ 222,964	\$ 368,754
Substantial related parties	172	1,111
Parent's associates	<u>46</u>	<u>242</u>
	<u>\$ 223,182</u>	<u>\$ 370,107</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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
YFY Consumer Products Co., Ltd.	\$ 203,863	\$ 225,491	\$ 144,066
YFY Investment Co., Ltd.	73,588	108,095	82,754
Union Paper Corp.	73,669	49,692	55,086
YFY Development Corp.	40,551	36,813	57,128
Others	<u>38,092</u>	<u>28,486</u>	<u>43,151</u>
	429,763	448,577	382,185
Substantial related parties	36,126	34,071	43,077
Parent company	<u>64</u>	<u>1</u>	<u>1</u>
	<u>\$ 465,953</u>	<u>\$ 482,649</u>	<u>\$ 425,263</u>

The outstanding accounts receivable from related parties are unsecured. No bad debt was recognized for the three months ended March 31, 2023 and 2022 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, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
Shin Foong Specialty & Applied Materials Co., Ltd.	\$ 92,632	\$ 105,399	\$ 94,527
YFY Packaging Inc.	81,857	74,808	182,568
Others	<u>58,290</u>	<u>69,769</u>	<u>83,313</u>
	232,779	249,976	360,408
Parent company	3,033	-	3,033
Substantial related parties	1,068	1,036	2,002
Parent's associates	<u>-</u>	<u>191</u>	<u>-</u>
	<u>\$ 236,880</u>	<u>\$ 251,203</u>	<u>\$ 365,443</u>

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

<b>Related Party Type</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
YFY Investment Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,653</u>

g. Prepayments (account for other current liabilities included)

<b>Related Party Category/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries	\$ 357	\$ -	\$ 357
Parent company	<u>29</u>	<u>-</u>	<u>29</u>
	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ 386</u>

h. Loan to related parties (interest receivable included)

<b>Related Party Type</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fellow subsidiaries			
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	\$ <u>-</u>	\$ <u>6,255</u>	\$ <u>111,775</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 and 2022, the interest income from the loans to related parties amounted to \$282 thousand and \$1,036 thousand, respectively.

i. Proceeds from disposal of property, plant and equipment

	<b>Consideration Received For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	\$ <u>-</u>	\$ <u>13</u>

j. Lease arrangements

<b>Lease Liabilities</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Parent company	\$ <u>3,663</u>	\$ <u>4,877</u>	\$ <u>8,496</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
<u>Interest expense</u>			
Parent company		\$ <u>14</u>	\$ <u>28</u>
<u>Lease expense</u>			
Parent company		\$ 2,757	\$ 1,468
Substantial related parties		<u>1,778</u>	<u>1,766</u>
		<u>\$ 4,535</u>	<u>\$ 3,234</u>



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

k. Other transactions with related parties

<b>Related Party Type</b>	<b>Rental Income (Accounted as Other Income) For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Parent's associates	\$ 3,852	\$ -
Fellow subsidiaries	357	357
Parent company	<u>29</u>	<u>29</u>
	<u>\$ 4,238</u>	<u>\$ 386</u>

<b>Related Party Type</b>	<b>Other Operating Expense (Accounted as Operating Expense) For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	<u>\$ 12,716</u>	<u>\$ 14,882</u>

<b>Related Party Type</b>	<b>Management Fee (Accounted as Operating Expenses) For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Fellow subsidiaries	<u>\$ 22,162</u>	<u>\$ 23,984</u>

The amount of management fee was depended on the agreements, rental income and expenses which were received or paid monthly.

l. Acquisition of financial assets

For the three months ended March 31, 2023

<b>Related Party Type/Name</b>	<b>Account Classification</b>	<b>Number of Shares Traded</b>	<b>Object of Transaction</b>	<b>Proceeds from Transactions</b>
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>

- m. Proceeds from sale of financial assets

For the three months ended March 31, 2023

<b>Related Party Type/Name</b>	<b>Account Classification</b>	<b>Number of Shares Traded</b>	<b>Object of Transaction</b>	<b>Proceeds from Transactions</b>
YFY Inc.	Investments accounted for using the equity method	35,000,000	Equity of Effion Eneritech Co., Ltd.	<u>\$ 258,673</u>

Refer to Note 14 for information relating to proceeds from financial assets.

- n. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and benefits	\$ 5,907	\$ 5,812
Executive fees	<u>700</u>	<u>833</u>
	<u>\$ 6,607</u>	<u>\$ 6,645</u>

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

## **27. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

As of March 31, 2023, December 31, 2022 and March 31, 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$570,002 thousand, \$423,309 thousand and \$388,711 thousand, respectively.

## **28. OTHER ITEMS**

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Group's subsidiaries, clients and suppliers located in severely affected areas are under quarantine and travel restriction policies. The Group evaluated that there were no material impact on the business operations and financial conditions. Hence there are no issues arising from its ability to continue as a going concern, asset impairment and financial risk.

## 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, 2023</b>			
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<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
<b>December 31, 2022</b>			
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 81,777	30.71	\$ 2,511,372
RMB	412,809	4.409	1,820,257
EUR	12,279	32.72	401,769
Non-monetary items			
Derivative instruments			
USD	32,000	30.71	982,720
<u>Financial liabilities</u>			
Monetary items			
USD	23,930	30.71	734,890
Non-monetary items			
Derivative instruments			
USD	45,700	30.71	1,403,447
RMB	48,000	4.409	211,632
EUR	11,000	32.72	359,920

**March 31, 2022**

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 142,917	28.625	\$ 4,090,999
RMB	503,179	4.509	2,268,834
EUR	9,852	31.92	314,476
Non-monetary items			
Derivative instruments			
USD	15,000	28.625	429,375
<u>Financial liabilities</u>			
Monetary items			
USD	45,386	28.625	1,299,174
Non-monetary items			
Derivative instruments			
USD	36,700	28.625	1,050,538
EUR	6,000	31.920	191,520

For the three months ended March 31, 2023 and 2022, realized and unrealized foreign exchange gains were \$13,933 thousand and \$85,280 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 group entities.

### **30. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (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)
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 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 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)
- c. 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.

	<b>Business Unit of Pulp and Fine Paper</b>	<b>Business Unit of Forestry</b>	<b>Other Segment</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
For the three months ended <u>March 31, 2023</u>					
Revenue from external customers	<u>\$ 5,420,896</u>	<u>\$ -</u>	<u>\$ 44,195</u>	<u>\$ -</u>	<u>\$ 5,465,091</u>
Revenue from other internal operating segments	<u>\$ 419,535</u>	<u>\$ 50,142</u>	<u>\$ 12,040</u>	<u>\$ (481,717)</u>	<u>\$ -</u>
Segment profit or loss	<u>\$ (141,015)</u>	<u>\$ 2,401</u>	<u>\$ 2,989</u>	<u>\$ -</u>	<u>\$ (135,625)</u>
For the three months ended <u>March 31, 2022</u>					
Revenue from external customers	<u>\$ 5,469,637</u>	<u>\$ 12,642</u>	<u>\$ 44,488</u>	<u>\$ -</u>	<u>\$ 5,526,767</u>
Revenue from other internal operating segments	<u>\$ 303,678</u>	<u>\$ 64,367</u>	<u>\$ 9,509</u>	<u>\$ (377,554)</u>	<u>\$ -</u>
Segment profit or loss	<u>\$ (65,411)</u>	<u>\$ 7,625</u>	<u>\$ 6,203</u>	<u>\$ -</u>	<u>\$ (51,883)</u>

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.

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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		
1	Guangdong Dingfung Pulp & Paper Co., Ltd.	Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd. YFY Packaging (Yangzhou) Inc.	Other receivables from related parties	Yes	\$ 452,364 (RMB 102,086)	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 473,252 (RMB 106,800)	\$ 1,893,006 (RMB 427,198)
			Other receivables from related parties	Yes	452,364 (RMB 102,086)	-	-	-	Short-term financing	-	Operating capital	-	-	-	473,252 (RMB 106,800)	1,893,006 (RMB 427,198)
2	CHP International (BVI) Corporation	Zhaoqing Dingfung Forestry Ltd.	Other receivables from related parties	Yes	134,001 (RMB 30,240)	130,721 (RMB 29,500)	130,721 (RMB 29,500)	2.5	Short-term financing	-	Operating capital	-	-	-	2,078,160 (RMB 468,982)	2,078,160 (RMB 468,982)
		Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	186,597 (RMB 42,110)	186,111 (RMB 42,000)	186,111 (RMB 42,000)	2.5-3.5	Short-term financing	-	Operating capital	-	-	-	2,078,160 (RMB 468,982)	2,078,160 (RMB 468,982)
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	879,671 (RMB 198,517)	877,381 (RMB 198,000)	877,381 (RMB 198,000)	2.5-3.5	Short-term financing	-	Operating capital	-	-	-	2,078,160 (RMB 468,982)	2,078,160 (RMB 468,982)
3	Shenzhen Jinglun Paper Co., Ltd.	Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd. YFY Packaging (Yangzhou) Inc.	Other receivables from related parties	Yes	13,453 (RMB 3,036)	-	-	-	Short-term financing	-	Operating capital	-	-	-	13,831 (RMB 3,121)	55,323 (RMB 12,485)
			Other receivables from related parties	Yes	13,453 (RMB 3,036)	-	-	-	Short-term financing	-	Operating capital	-	-	-	13,831 (RMB 3,121)	55,323 (RMB 12,485)

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

- The Company is numbered 0.
- 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\$4.431218 as of March 31, 2023.

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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.	\$ 23,676,663	\$ 701,040 (US\$ 23,023)	\$ 700,350 (US\$ 23,000)	\$ 27,405	\$ -	4.44	\$ 31,568,884	Note 8	N	N
		Hwa Fong Investment Ind. Co., Ltd.	b.	23,676,663	130,000	130,000	48,500	-	0.82	31,568,884	Note 8	N	N

Note 1: The number column is illustrated as follows:

- The Company is numbered 0.
- 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:

- The companies with which it has business relations.
- Subsidiaries in which it holds more than 50% of its total outstanding ordinary shares.
- Companies in which it holds more than 50% of its total outstanding ordinary shares.
- Companies in which it holds more than 90% of its total outstanding ordinary shares.
- 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.
- Shareholders making endorsements/guarantees for their mutually invested companies in proportion to their shareholding percentages.
- 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.



## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2023

(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, 2023			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Chung Hwa Pulp Corporation	<u>Ordinary shares</u>						
	SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	106,243,357	\$ 1,763,640	0.9	\$ 1,763,640
	NTU Innovation & Incubation Co., Ltd.	The investor is the member of the investee's board of directors.	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	-	1.0	-
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	12,443,688	167,714	14.9	167,714
	Direct Insight Inc.	-	Financial assets at fair value through other comprehensive income - non-current	286,200	3	0.9	3
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	17,829,132	267,437	2.5	267,437
Hwa Fong Investment Co., Ltd.	<u>Mutual fund</u>						
	Medeon Biodesign, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	388,146	23,483	0.4	23,483
	<u>Ordinary shares</u>						
	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	2,418,909	40,154	-	40,154
	Genovella Renewables Inc.	-	Financial assets at fair value through profit or loss - current	452,369	6,408	-	6,408

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.

**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, 2023**  
**(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	\$ (140,985)	(3)	0.5 month after transaction month	\$ -	-	\$ 40,551	1
		b.	Sale	(415,231) (Note 2)	(9)	5 months after transaction month	-	-	762,012	22
	YFY Consumer Products Co., Ltd. Union Paper Corp.	a.	Sale	(194,485)	(4)	2 months after transaction month	-	-	203,863	6
		a.	Sale	(181,820)	(4)	1 month after transaction month	-	-	73,669	2
Shenzhen Jinglun Paper Co., Ltd.	Chung Hwa Pulp Corporation	b.	Purchase	415,231 (Note 2)	100	5 months after transaction month	-	-	(762,012)	(100)

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

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

**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, 2023**

**(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	\$ 762,012 (Note)	2.22	\$ -	-	\$ 120,315	\$ -
	Yuen Foong Yu Consumer Products Co., Ltd.	Fellow subsidiaries	203,863	3.62	-	-	78,227	-

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note (Note)
				March 31, 2023	December 31, 2022	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	100.00	\$ 5,314,315	\$ 72,798	\$ 72,798	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	1.80	609,204	1,755,071	30,779	b.
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.00	122,478	3,986	3,986	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	-	100.00	21,712	(84)	(84)	a.
	Union Paper Corp	Yunlin, Taiwan	Pulp manufacturing, processing and sales business.	63,094	55,659	8,959,854	8.65	108,898	(15,103)	(1,165)	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	100.00	6,907	(1,298)	(1,298)	a.

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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, 2023 (Foreign Currencies in Thousands) (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (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, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	\$ 2,607,434 (US\$ 85,630) (Note 3)	Investment in mainland China through companies set up in another country	\$ 401,940 (US\$ 13,200)	\$ -	\$ -	\$ 401,940 (US\$ 13,200)	\$ 85,258 (Note 2.b.)	60.0	\$ 51,155 (Note 2.b.)	\$ 2,890,535	\$ -
Shenzhen Syntax Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,180 (RMB 3,200)	(Note 5)	-	-	-	(Note 5)	961 (Note 2.c.)	100.0	961 (Note 2.c.)	139,265	-
Zhaoqing Dingfung Forestry Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	666,246 (US\$ 21,880)	Investment in mainland China through companies set up in another country	134,833 (US\$ 4,428)	-	-	134,833 (US\$ 4,428)	2,401 (Note 2.c.)	86.5 (Note 4)	2,077 (Note 2.c.)	2,628,139	-
Zhaoqing Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flue gas, noise and solid waste treatment; pure water treatment construction; environmental technology consulting; sale of environmental protection equipment and chemical raw material; import and export of cargo and technology	8,862 (RMB 2,000)	(Note 5)	-	-	-	(Note 5)	2,357 (Note 2.c.)	100.0	2,357 (Note 2.c.)	18,465	-
Guizhou Yuanfung Forestry Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	57,606 (RMB 13,000)	(Note 6)	-	-	-	(Note 6)	- (Note 2.c.)	67.0	- (Note 2.c.)	38,596	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$536,773 (Note 1)	\$1,297,353 (Note 1)	\$9,147,221

Note 1: The exchange rates are US\$1=NT\$30.45 or RMB1=NT\$4.431218 as of March 31, 2023.

Note 2: The recognition basis for investment gain (loss) are as follows:

- Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
- Financial statements audited by the ROC CPA firm.
- 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.

2. For information on any investee company in mainland China, refer to Tables 1, 2, 4, 5 and 8.

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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	\$ 762,012 415,231	5 months after transaction month By market price	2 8

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, 2023  
(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 preference 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.