

**Chung Hwa Pulp Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2023 and 2022, combined total assets of these subsidiaries were NT\$5,028,404 thousand and NT\$4,904,849 thousand, respectively, both representing 14% of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$580,624 thousand and NT\$646,183 thousand, respectively, representing 3% and 4%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$9,833 thousand, NT\$20,994 thousand, NT\$29,525 thousand and NT\$46,194 thousand, respectively, representing 8%, 4%, (7%) and 5%, respectively, of the consolidated total comprehensive (loss) income. In addition, as disclosed in Note 15 to the consolidated financial statements, as of September 30, 2023 and 2022, investments accounted for using the equity method of the Group were NT\$109,726 thousand and NT\$81,932 thousand, respectively; for the three months ended September 30, 2023 and 2022 and

for the nine months ended September 30, 2023 and 2022, the amounts of the share of comprehensive income recognized were a gain (loss) of NT\$10 thousand, NT\$52 thousand, NT\$(1,156) thousand and NT\$32,244 thousand, respectively. The related information of investments disclosed in Note 31 to the consolidated financial statements is based on the investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 reviews resulting in this independent auditors' review report are Shu-Wan Lin and Hui-Min Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 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)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,114,474	3	\$ 805,296	2	\$ 1,149,476	3
Financial assets at fair value through profit or loss (Note 7)	68,180	-	26,082	-	70,530	-
Financial assets at fair value through other comprehensive income - current (Note 8)	1,928,539	6	1,729,041	5	1,785,815	5
Financial assets at amortized cost - current (Note 10)	361,970	1	470,342	1	3,000	-
Notes and accounts receivable (Note 11)	2,731,875	8	3,268,971	9	3,647,560	11
Notes and accounts receivable from related parties (Note 27)	303,309	1	482,649	2	551,994	2
Other receivables from related parties (Note 27)	-	-	6,255	-	116,489	-
Inventories (Note 12)	5,246,145	15	4,987,857	14	4,303,615	12
Biological assets (Note 13)	3,446,486	10	3,255,711	9	3,353,409	10
Other current assets	868,968	2	903,700	3	673,689	2
Total current assets	<u>16,069,946</u>	<u>46</u>	<u>15,935,904</u>	<u>45</u>	<u>15,655,577</u>	<u>45</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	443,014	1	492,716	2	466,750	1
Financial assets at amortized cost - non-current (Note 10)	89,891	-	132,283	1	134,159	-
Investments accounted for using the equity method (Note 15)	835,169	3	769,254	2	704,842	2
Property, plant and equipment (Notes 16 and 27)	15,778,600	45	16,151,011	46	16,273,940	46
Right-of-use assets (Note 17)	469,836	1	478,428	1	491,833	2
Investment properties (Note 18)	755,342	2	755,542	2	755,609	2
Deferred tax assets	127,561	-	127,439	-	114,123	-
Prepayments for equipment	169,439	1	131,197	-	145,417	1
Net defined benefit asset - non-current	366,317	1	366,066	1	291,632	1
Other non-current assets	130,148	-	99,331	-	83,497	-
Total non-current assets	<u>19,165,317</u>	<u>54</u>	<u>19,503,267</u>	<u>55</u>	<u>19,461,802</u>	<u>55</u>
TOTAL	<u>\$ 35,235,263</u>	<u>100</u>	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 35,117,379</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 3,471,000	10	\$ 2,640,000	7	\$ 3,213,583	9
Short-term bills payable (Note 19)	8,388,420	24	249,851	1	4,598,807	13
Financial liabilities at fair value through profit or loss - current (Note 7)	10,029	-	9,005	-	23,664	-
Financial assets for hedging - current (Note 9)	3,995	-	-	-	-	-
Notes and accounts payable	1,518,321	4	1,760,322	5	1,615,498	5
Notes and accounts payable to related parties (Note 27)	253,019	1	251,203	1	302,355	1
Other payables	1,007,834	3	1,029,904	3	1,098,710	3
Current tax liabilities (Note 23)	1,995	-	1,510	-	277	-
Lease liabilities - current (Note 17)	28,356	-	32,663	-	33,316	-
Other current liabilities	382,781	1	368,860	1	438,201	1
Total current liabilities	<u>15,065,750</u>	<u>43</u>	<u>6,343,318</u>	<u>18</u>	<u>11,324,411</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 19)	487,186	1	8,690,645	24	3,389,953	10
Deferred tax liabilities	2,073,441	6	2,073,441	6	2,060,083	6
Lease liabilities - non-current (Note 17)	25,689	-	29,015	-	32,843	-
Other non-current liabilities	217,905	1	208,142	1	206,552	-
Total non-current liabilities	<u>2,804,221</u>	<u>8</u>	<u>11,001,243</u>	<u>31</u>	<u>5,689,431</u>	<u>16</u>
Total liabilities	<u>17,869,971</u>	<u>51</u>	<u>17,344,561</u>	<u>49</u>	<u>17,013,842</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>31</u>	<u>11,028,353</u>	<u>31</u>
Capital surplus	<u>37,216</u>	<u>-</u>	<u>35,632</u>	<u>-</u>	<u>35,777</u>	<u>-</u>
Retained earnings						
Legal reserve	316,847	1	268,212	1	268,212	1
Special reserve	1,186,894	3	1,186,894	3	1,186,894	3
Unappropriated earnings	1,356,735	4	2,456,364	7	2,353,141	7
Total retained earnings	<u>2,860,476</u>	<u>8</u>	<u>3,911,470</u>	<u>11</u>	<u>3,808,247</u>	<u>11</u>
Other equity	1,195,407	3	945,713	3	1,068,062	3
Treasury shares	(136,726)	-	(136,726)	-	(136,726)	-
Total equity attributable to owners of the Company	14,984,726	42	15,784,442	45	15,803,713	45
NON-CONTROLLING INTERESTS	<u>2,380,566</u>	<u>7</u>	<u>2,310,168</u>	<u>6</u>	<u>2,299,824</u>	<u>7</u>
Total equity	<u>17,365,292</u>	<u>49</u>	<u>18,094,610</u>	<u>51</u>	<u>18,103,537</u>	<u>52</u>
TOTAL	<u>\$ 35,235,263</u>	<u>100</u>	<u>\$ 35,439,171</u>	<u>100</u>	<u>\$ 35,117,379</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Note 27)								
Sales	\$ 4,998,572	101	\$ 6,161,203	100	\$ 15,563,336	100	\$ 17,894,270	100
Sales returns and allowances	<u>42,361</u>	<u>1</u>	<u>31,102</u>	<u>1</u>	<u>168,098</u>	<u>1</u>	<u>94,068</u>	<u>1</u>
Net sales	4,956,211	100	6,130,101	99	15,395,238	99	17,800,202	99
Other operating revenue	<u>24,154</u>	<u>-</u>	<u>33,298</u>	<u>1</u>	<u>102,073</u>	<u>1</u>	<u>111,722</u>	<u>1</u>
Total operating revenue	<u>4,980,365</u>	<u>100</u>	<u>6,163,399</u>	<u>100</u>	<u>15,497,311</u>	<u>100</u>	<u>17,911,924</u>	<u>100</u>
OPERATING COSTS (Notes 12, 20, 22 and 27)								
Cost of goods sold	4,839,331	97	5,408,324	88	14,894,722	96	15,820,284	88
Other operating cost	<u>8,257</u>	<u>-</u>	<u>21,117</u>	<u>-</u>	<u>60,729</u>	<u>1</u>	<u>80,536</u>	<u>1</u>
Total operating costs	<u>4,847,588</u>	<u>97</u>	<u>5,429,441</u>	<u>88</u>	<u>14,955,451</u>	<u>97</u>	<u>15,900,820</u>	<u>89</u>
LOSS FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Note 13)								
	<u>(303)</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(295)</u>	<u>-</u>	<u>(970)</u>	<u>-</u>
GROSS PROFIT	<u>132,474</u>	<u>3</u>	<u>733,944</u>	<u>12</u>	<u>541,565</u>	<u>3</u>	<u>2,010,134</u>	<u>11</u>
OPERATING EXPENSES (Notes 20, 22 and 27)								
Selling and marketing	362,254	7	490,687	8	1,060,408	7	1,493,990	8
General and administrative	75,929	2	89,924	1	248,161	1	260,135	1
Research and development	<u>52,585</u>	<u>1</u>	<u>41,482</u>	<u>1</u>	<u>139,479</u>	<u>1</u>	<u>113,832</u>	<u>1</u>
Total operating expenses	<u>490,768</u>	<u>10</u>	<u>622,093</u>	<u>10</u>	<u>1,448,048</u>	<u>9</u>	<u>1,867,957</u>	<u>10</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(358,294)</u>	<u>(7)</u>	<u>111,851</u>	<u>2</u>	<u>(906,483)</u>	<u>(6)</u>	<u>142,177</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Notes 22 and 27)	(60,862)	(1)	(40,736)	(1)	(174,018)	(1)	(96,063)	(1)
Share of profit of associates (Note 15)	42,158	1	74,414	1	114,169	1	156,934	1
Interest income (Note 27)	10,200	-	4,127	-	28,193	-	10,688	-
Dividend income	66,708	1	88,259	2	66,708	-	88,259	-
Gain from bargain purchase (Note 15)	-	-	5,347	-	5,803	-	12,384	-
Other income (Note 27)	34,689	1	21,127	-	93,437	1	55,846	-
Gain on disposal of property, plant and equipment	-	-	2	-	60	-	164	-
Gain on disposal of investments	7	-	-	-	7	-	-	-
Foreign exchange profit	96,631	2	77,742	1	75,507	-	112,546	1
Loss on financial instruments at FVTPL	(33,120)	(1)	(13,467)	-	(23,621)	-	(17,508)	-
Other losses	<u>263</u>	<u>-</u>	<u>(938)</u>	<u>-</u>	<u>(1,678)</u>	<u>-</u>	<u>(3,924)</u>	<u>-</u>
Total non-operating income and expenses	<u>156,674</u>	<u>3</u>	<u>215,877</u>	<u>3</u>	<u>184,567</u>	<u>1</u>	<u>319,326</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(201,620)	(4)	327,728	5	(721,916)	(5)	461,503	2
DEFERRED INCOME TAX EXPENSE BENEFIT (Notes 4 and 23)								
	<u>3,505</u>	<u>-</u>	<u>(14,926)</u>	<u>-</u>	<u>(1,195)</u>	<u>-</u>	<u>(15,488)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(198,115)</u>	<u>(4)</u>	<u>312,802</u>	<u>5</u>	<u>(723,111)</u>	<u>(5)</u>	<u>446,015</u>	<u>2</u>

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at FVTOCI	\$ (16,431)	-	\$ 25,158	1	\$ 68,255	1	\$ 24,435	-
Share of the other comprehensive (loss) income of associates	4,417	-	7,962	-	16,258	-	(4,818)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	312,697	6	174,930	3	207,183	1	403,128	3
(Loss) gain on hedging instruments	(3,995)	-	-	-	(3,995)	-	-	-
Share of the other comprehensive income of associates	17,785	-	5,137	-	10,375	-	38,751	-
Other comprehensive income for the period, net of income tax	314,473	6	213,187	4	298,076	2	461,496	3
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ 116,358</u>	<u>2</u>	<u>\$ 525,989</u>	<u>9</u>	<u>\$ (425,035)</u>	<u>(3)</u>	<u>\$ 907,511</u>	<u>5</u>
(LOSS) NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ (182,318)	(4)	\$ 287,269	5	\$ (728,060)	(5)	\$ 390,552	2
Non-controlling interests	(15,797)	-	25,533	-	4,949	-	55,463	-
	<u>\$ (198,115)</u>	<u>(4)</u>	<u>\$ 312,802</u>	<u>5</u>	<u>\$ (723,111)</u>	<u>(5)</u>	<u>\$ 446,015</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 34,119	1	\$ 478,103	8	\$ (475,042)	(3)	\$ 786,385	4
Non-controlling interests	82,239	1	47,886	1	50,007	-	121,126	1
	<u>\$ 116,358</u>	<u>2</u>	<u>\$ 525,989</u>	<u>9</u>	<u>\$ (425,035)</u>	<u>(3)</u>	<u>\$ 907,511</u>	<u>5</u>
(LOSS) EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ (0.17)</u>		<u>\$ 0.26</u>		<u>\$ (0.67)</u>		<u>\$ 0.36</u>	
Diluted			<u>\$ 0.26</u>				<u>\$ 0.36</u>	

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Note 21)												Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total		
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Loss on Hedging Instrument				
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														
Legal reserve	-	-	-	41,955	-	(41,955)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(441,134)	(441,134)	-	-	-	-	(441,134)	-	(441,134)
Adjustments for the changes in equity of associates	-	-	6,899	-	-	(1,275)	(1,275)	-	-	-	-	5,624	-	5,624
Unclaimed dividends reversed	-	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Net Income for the nine months ended September 30, 2022	-	-	-	-	-	390,552	390,552	-	-	-	-	390,552	55,463	446,015
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	376,216	19,617	-	-	395,833	65,663	461,496
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	390,552	390,552	376,216	19,617	-	-	786,385	121,126	907,511
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	14,546	14,546
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	10,430	10,430	-	(10,430)	-	-	-	-	-
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 SEPTEMBER 30, 2022	1,102,835	\$ 11,028,353	\$ 35,777	\$ 268,212	\$ 1,186,894	\$ 2,353,141	\$ 3,808,247	\$ (50,611)	\$ 1,118,673	\$ -	\$ (136,726)	\$ 15,803,713	\$ 2,299,824	\$ 18,103,537
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														
Legal reserve	-	-	-	48,635	-	(48,635)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(326,067)	(326,067)	-	-	-	-	(326,067)	-	(326,067)
Adjustments for the changes in equity of associates	-	-	1,198	-	-	(192)	(192)	-	-	-	-	1,006	-	1,006
Net (loss) profit for the nine months ended September 30, 2023	-	-	-	-	-	(728,060)	(728,060)	-	-	-	-	(728,060)	4,949	(723,111)
Other comprehensive (loss) income for the nine months ended September 30, 2023	-	-	-	-	-	-	-	172,500	84,513	(3,995)	-	253,018	45,058	298,076
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	(728,060)	(728,060)	172,500	84,513	(3,995)	-	(475,042)	50,007	(425,035)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	20,391	20,391
Disposal of investments accounted for using the equity method	-	-	386	-	-	52	52	1	(52)	-	-	387	-	387
Disposal of investments in equity instruments at FVTOCI by associates	-	-	-	-	-	3,273	3,273	-	(3,273)	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2023	1,102,835	\$ 11,028,353	\$ 37,216	\$ 316,847	\$ 1,186,894	\$ 1,356,735	\$ 2,860,476	\$ 19,501	\$ 1,179,901	\$ (3,995)	\$ (136,726)	\$ 14,984,726	\$ 2,380,566	\$ 17,365,292

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (721,916)	\$ 461,503
Adjustments for:		
Depreciation and amortization expenses	910,766	917,303
Expected credit loss (reversed)	12,887	(1,300)
Loss on financial instruments at FVTPL	23,621	17,508
Finance costs	174,018	96,063
Interest income	(28,193)	(10,688)
Dividend income	(66,708)	(88,259)
Share of profit of associates	(114,169)	(156,934)
Gain on disposal of property, plant and equipment	(60)	(164)
Gain on disposal of investments	(7)	-
Write-downs (reversal of write-downs) of inventories	(14,362)	6,760
Unrealized gain on foreign currency exchange	(46,934)	(121,231)
Loss on changes in fair value less costs to sell of biological assets	295	970
Gain from bargain purchase	(5,803)	(12,384)
Gain on lease modification	(1)	(29)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(62,025)	(64,924)
Notes and accounts receivable	587,607	(55,999)
Notes and accounts receivable from related parties	179,467	(93,810)
Inventories	(231,173)	(8,742)
Biological assets	(125,917)	(64,398)
Other current assets	40,079	(120,131)
Net defined benefit asset	(251)	147
Notes and accounts payable	(245,079)	61,716
Notes and accounts payable to related parties	1,818	(131,986)
Other payables	19,626	(2,167)
Other payables to related parties	-	(2,273)
Other current liabilities	<u>27,887</u>	<u>121,546</u>
Cash generated from operations	315,473	748,097
Interest received	34,412	10,823
Interest paid	(184,275)	(103,263)
Income tax paid	<u>(742)</u>	<u>(2,880)</u>
Net cash generated from operating activities	<u>164,868</u>	<u>652,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(344,210)	(133,168)
Proceeds from sale of financial assets at amortized cost	514,659	221,946
Purchase of financial assets at fair value through other comprehensive income	(81,540)	-

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Purchase of investments accounted for using the equity method	\$ (7,912)	\$ (16,716)
Proceeds from net cash inflow on investments accounted for using the equity method	-	258,673
Payments for property, plant and equipment	(492,822)	(1,172,039)
Proceeds from disposal of property, plant and equipment	60	199
Decrease (increase) in other receivables from related parties	6,261	(5,464)
Increase in other non-current assets	(36,006)	(9,225)
(Increase) decrease in prepayments for equipment	(37,053)	347,874
Dividends received	<u>156,708</u>	<u>152,259</u>
Net cash used in investing activities	<u>(321,855)</u>	<u>(355,661)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	831,000	(779,176)
Increase (decrease) in short-term bills payable	8,138,569	(1,050,414)
Proceeds from long-term borrowings	1,000,000	3,400,000
Repayments of long-term borrowings	(9,200,000)	(800,000)
Repayment of the principal portion of lease liabilities	(28,712)	(24,167)
Increase (decrease) in other non-current liabilities	5,805	(51,482)
Cash dividends	(326,067)	(441,134)
Increase in non-controlling interests	20,391	14,546
Reversal of unclaimed dividends transferred to capital surplus	<u>-</u>	<u>(2)</u>
Net cash generated from financing activities	<u>440,986</u>	<u>268,171</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>25,179</u>	<u>48,061</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	309,178	613,348
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>805,296</u>	<u>536,128</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,114,474</u>	<u>\$ 1,149,476</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

YFY Inc. and its subsidiaries held 58.6% of ordinary shares of the Company as of September 30, 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 November 13, 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 endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets which are measured at fair value less costs to sell, and net defined benefit asset 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 (subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

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

d. Other significant accounting policies

Except for the following, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,385	\$ 1,842	\$ 1,837
Checking accounts and demand deposits	737,000	638,773	667,512
Cash equivalents			
Time deposits with original maturities of three months or less	<u>376,089</u>	<u>164,681</u>	<u>480,127</u>
	<u>\$ 1,114,474</u>	<u>\$ 805,296</u>	<u>\$ 1,149,476</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 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	\$ 61,732	\$ 19,692	\$ 64,156
Non-derivative financial assets			
Mutual funds	<u>6,448</u>	<u>6,390</u>	<u>6,374</u>
	<u>\$ 68,180</u>	<u>\$ 26,082</u>	<u>\$ 70,530</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>\$ 10,029</u>	<u>\$ 9,005</u>	<u>\$ 23,664</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>September 30, 2023</u>			
Sell	USD:NTD	2023.10.11-2023.10.31	USD30,000/NTD968,100
	EUR:NTD	2023.10.23	EUR3,000/NTD101,730
Buy	RMB:NTD	2023.10.25-2023.12.08	RMB80,000/NTD359,600
	USD:RMB	2023.12.06-2024.09.06	USD41,000/RMB293,343
<u>December 31, 2022</u>			
Sell	USD:NTD	2023.01.13-2023.03.15	USD41,700/NTD1,280,607
	EUR:NTD	2023.01.30-2023.02.06	EUR11,000/NTD359,920
	RMB:NTD	2023.01.31-2023.03.31	RMB48,000/NTD211,632
Buy	USD:RMB	2023.01.19-2023.06.30	USD36,000/RMB250,762
<u>September 30, 2022</u>			
Sell	USD:NTD	2022.10.07-2022.10.27	USD40,000/NTD1,270,000
	EUR:NTD	2022.10.03-2022.10.26	EUR14,000/NTD437,640
Buy	USD:RMB	2022.12.15-2023.06.21	USD47,000/RMB333,691

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Listed shares	<u>\$ 1,928,539</u>	<u>\$ 1,729,041</u>	<u>\$ 1,785,815</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 278,783	\$ 308,709	\$ 296,309
Unlisted shares	<u>164,231</u>	<u>184,007</u>	<u>170,441</u>
	<u>\$ 443,014</u>	<u>\$ 492,716</u>	<u>\$ 466,750</u>

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

9. FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Cash flow hedges			
Forward exchange contracts	\$ <u>3,995</u>	\$ <u>-</u>	\$ <u>-</u>

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

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

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

The decrease in value used for calculating hedge ineffectiveness for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were \$3,995, \$0, \$3,995 and \$0 thousand, respectively. The following tables summarize the information relating to the hedges of foreign currency risk.

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2023</u>			
Buy	JPY:NTD	2023.10.18-2024.02.20	JPY600,000/NTD129,720
<u>September 30, 2022</u>			

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Other Equity Carrying Amount - Continuing Hedges
Cash flow hedge		
Forecast transactions (capital expenditure)	\$ <u>(3,995)</u>	\$ <u>(3,995)</u>

Refer to Note 21(e) for information relating to gain on changes in the fair value of hedging instruments and the original carrying amount transferred to hedged items for the nine months ended September 30, 2023.

10. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturity between three months and a year	\$ 7,000	\$ 3,000	\$ 3,000
Foreign investments			
Time deposits with original maturity between three months and a year	<u>354,970</u>	<u>467,342</u>	<u>-</u>
	<u>\$ 361,970</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>\$ 89,891</u>	<u>\$ 132,283</u>	<u>\$ 134,159</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rates for time deposits with original maturity between three months and a year were 1.57%-5.55%, 1.44%-5.07% and 1.315%, respectively, and the interest rates for time deposits with original maturity of more than a year both were 3.25%.

11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable - operating	\$ 440,374	\$ 446,796	\$ 439,757
Accounts receivable - operating	<u>2,321,335</u>	<u>2,838,967</u>	<u>3,224,978</u>
Gross carrying amount	2,761,709	3,285,763	3,664,735
Less: Allowance for impairment loss	<u>(29,834)</u>	<u>(16,792)</u>	<u>(17,175)</u>
	<u>\$ 2,731,875</u>	<u>\$ 3,268,971</u>	<u>\$ 3,647,560</u>

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

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

The Group applies the simplified approach for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. 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 receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

September 30, 2023

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,281,297	\$ 442,568	\$ 37,844	\$ -	\$ 2,761,709
Loss allowance (Lifetime ECLs)	<u>(4,444)</u>	<u>(5,381)</u>	<u>(20,009)</u>	<u>-</u>	<u>(29,834)</u>
Amortized cost	<u>\$ 2,276,853</u>	<u>\$ 437,187</u>	<u>\$ 17,835</u>	<u>\$ -</u>	<u>\$ 2,731,875</u>

December 30, 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 ECLs)	<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>

September 30, 2022

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 3,084,362	\$ 493,615	\$ 86,641	\$ 117	\$ 3,664,735
Loss allowance (Lifetime ECLs)	<u>(10,079)</u>	<u>(2,916)</u>	<u>(4,063)</u>	<u>(117)</u>	<u>(17,175)</u>
Amortized cost	<u>\$ 3,074,283</u>	<u>\$ 490,699</u>	<u>\$ 82,578</u>	<u>\$ -</u>	<u>\$ 3,647,560</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 16,792	\$ 18,238
Net remeasurement of loss allowance	12,887	(1,300)
Foreign exchange translation gains and losses	<u>155</u>	<u>237</u>
Balance at September 30	<u>\$ 29,834</u>	<u>\$ 17,175</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$17,891 thousand, \$42,050 thousand and \$45,137 thousand, respectively. For information on the transfer of financial instruments, refer to Note 26.d.

12. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished and purchased goods	\$ 3,146,425	\$ 2,754,404	\$ 2,234,340
Work in process	639,745	570,663	556,816
Materials	<u>1,459,975</u>	<u>1,662,790</u>	<u>1,512,459</u>
	<u>\$ 5,246,145</u>	<u>\$ 4,987,857</u>	<u>\$ 4,303,615</u>

The cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 included reversal of write-downs of inventory (write-downs of inventory) \$19,433 thousand, \$(14,135) thousand, \$14,362 thousand and \$(6,760) thousand, respectively.

13. BIOLOGICAL ASSETS

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 3,255,711	\$ 3,193,535
Increase due to planting	230,087	256,631
Loss from changes in fair value less costs to sell	(295)	(970)
Decrease due to harvest	(104,170)	(192,233)
Net exchange differences	<u>65,153</u>	<u>96,446</u>
Balance at September 30	<u>\$ 3,446,486</u>	<u>\$ 3,353,409</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Eucalyptus (Level 3)	<u>\$ 3,557,381</u>	<u>\$ 3,359,818</u>	<u>\$ 3,462,043</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 3,359,818	\$ 3,295,021
Increase due to planting	238,680	273,092
Loss from changes in fair value less costs to sell	(306)	(1,032)
Decrease due to harvest	(108,059)	(204,564)
Net exchange differences	<u>67,248</u>	<u>99,526</u>
Balance at September 30	<u>\$ 3,557,381</u>	<u>\$ 3,462,043</u>

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

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			September 30, 2023	December 31, 2022	September 30, 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
	Zhaoqing Xinchuan Green Technology Co., Ltd.	Environment equipment technology research and development, construction for wastewater, flue gas, noise and solid waste treatment, pure water construction, environment technology consulting, sale of environment equipment and chemical raw material, cargo and technic import and export	100.0	100.0	100.0
Zhaoqing Dingfung Forestry Ltd.	Guizhou Yuanfung Forestry Co., Ltd. (Note)	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	67.0	67.0	67.0

The financial statements of subsidiaries that are not individually material, including Hwa Fong Investment Co., Ltd., Zhaoqing Dingfung Forestry Ltd., Shenzhen Jinglun Paper Co., Ltd., Syntax Communication (H.K.) Limited, Genovella Renewables Inc., Zhaoqing Xinchuan Green Technology Co., Ltd., and Guizhou Yuanfung Forestry Co., Ltd., have not been reviewed. As of September 30, 2023 and 2022, combined total assets of these subsidiaries were \$5,028,404 thousand and \$4,904,849 thousand, respectively, both representing 14% of the consolidated total assets, and combined total liabilities of these subsidiaries were \$580,624 thousand and \$646,183 thousand, respectively, representing 3% and 4% of the consolidated total liabilities. For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were \$9,833 thousand, \$20,994 thousand, \$29,525 thousand and \$46,194 thousand, respectively, representing 8%, 4%, (7%) and 5%, respectively, of the consolidated total comprehensive (loss) income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Associates that are not individually material	<u>\$ 835,169</u>	<u>\$ 769,254</u>	<u>\$ 704,842</u>

The aggregate information of associates that are not individually material was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Profit from continuing operations	\$ 42,158	\$ 74,414	\$ 114,169	\$ 156,934
Other comprehensive income	<u>22,202</u>	<u>13,099</u>	<u>26,633</u>	<u>33,933</u>
Total comprehensive income for the period	<u>\$ 64,360</u>	<u>\$ 87,513</u>	<u>\$ 140,802</u>	<u>\$ 190,867</u>

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

For the nine months ended September 30, 2023 and 2022, the Group obtained 1,126,842 and 2,380,876 voting shares of Union Paper Corporation., Ltd. at \$7.02 per share with a total investment of \$7,912 thousand and \$16,716 thousand, respectively, and 1.09% and 2.30% of voting rights, respectively. The Group recognized a gain from bargain purchase of \$5,803 thousand and \$12,384 thousand, respectively.

In February 2022, the Group sold its ownership of Effion Enertech 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 September 30, 2023 and 2022, investments accounted for using the equity method of the Group were \$109,726 thousand and \$81,932 thousand, respectively, as well as for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, shares of comprehensive net (loss) income \$10 thousand, \$52 thousand, \$(1,156) thousand and \$32,244 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 8,197,658	\$ 4,114,135	\$ 30,999,749	\$ 3,122,751	\$ 1,862,583	\$ 838,925	\$ 798,540	\$ 49,934,341
Additions	224,089	5,591	65,625	8,118	7,425	12,490	824,637	1,147,975
Disposals	-	-	(36,767)	(124,627)	(1,341)	(708)	-	(163,443)
Effect of foreign currency exchange differences	-	21,624	132,058	-	308	5,454	7,097	166,541
Reclassifications	(499,200)	26,279	473,571	9,576	34,900	7,572	(551,898)	(499,200)
Balance at September 30, 2022	<u>\$ 7,922,547</u>	<u>\$ 4,167,629</u>	<u>\$ 31,634,236</u>	<u>\$ 3,015,818</u>	<u>\$ 1,903,875</u>	<u>\$ 863,733</u>	<u>\$ 1,078,376</u>	<u>\$ 50,586,214</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 3,100,754	\$ 25,569,942	\$ 2,561,509	\$ 1,574,842	\$ 690,375	\$ -	\$ 33,497,422
Disposals	-	-	(36,767)	(124,627)	(1,306)	(708)	-	(163,408)
Depreciation expenses	-	82,115	617,015	65,518	81,296	32,306	-	878,250
Effect of foreign currency exchange differences	-	9,126	86,365	-	279	3,878	-	99,648
Other	-	-	18	-	-	344	-	362
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 3,191,995</u>	<u>\$ 26,236,573</u>	<u>\$ 2,502,400</u>	<u>\$ 1,655,111</u>	<u>\$ 726,195</u>	<u>\$ -</u>	<u>\$ 34,312,274</u>
Carrying amounts at September 30, 2022	<u>\$ 7,922,547</u>	<u>\$ 975,634</u>	<u>\$ 5,397,663</u>	<u>\$ 513,418</u>	<u>\$ 248,764</u>	<u>\$ 137,538</u>	<u>\$ 1,078,376</u>	<u>\$ 16,273,940</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 7,922,547	\$ 4,167,738	\$ 31,636,180	\$ 3,032,866	\$ 1,922,440	\$ 859,252	\$ 1,130,803	\$ 50,671,826
Additions	1,772	8,151	53,659	7,053	15,766	8,762	359,714	454,877
Disposals	-	-	(109,951)	(2,531)	(7,508)	(11,689)	-	(131,679)
Effect of foreign currency exchange differences	-	14,143	88,729	-	112	3,609	3,694	110,287
Reclassifications	-	48,488	388,277	29,409	59,835	3,687	(529,696)	-
Balance at September 30, 2023	<u>\$ 7,924,319</u>	<u>\$ 4,238,520</u>	<u>\$ 32,056,894</u>	<u>\$ 3,066,797</u>	<u>\$ 1,990,645</u>	<u>\$ 863,621</u>	<u>\$ 964,515</u>	<u>\$ 51,105,311</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 3,212,441	\$ 26,383,318	\$ 2,519,894	\$ 1,678,865	\$ 726,297	\$ -	\$ 34,520,815
Disposals	-	-	(109,951)	(2,531)	(7,508)	(11,689)	-	(131,679)
Depreciation expenses	-	79,060	617,570	65,489	74,489	30,256	-	866,864
Effect of foreign currency exchange differences	-	6,791	60,612	-	106	3,202	-	70,711
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 3,298,292</u>	<u>\$ 26,951,549</u>	<u>\$ 2,582,852</u>	<u>\$ 1,745,952</u>	<u>\$ 748,066</u>	<u>\$ -</u>	<u>\$ 35,326,711</u>
Carrying amounts at January 1, 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 September 30, 2023	<u>\$ 7,924,319</u>	<u>\$ 940,228</u>	<u>\$ 5,105,345</u>	<u>\$ 483,945</u>	<u>\$ 244,693</u>	<u>\$ 115,555</u>	<u>\$ 964,515</u>	<u>\$ 15,778,600</u>

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

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 425,256	\$ 428,111	\$ 435,540
Buildings	17,722	23,880	27,492
Office equipment	20,728	19,989	23,124
Transportation equipment	<u>6,130</u>	<u>6,448</u>	<u>5,677</u>
	<u>\$ 469,836</u>	<u>\$ 478,428</u>	<u>\$ 491,833</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023
	2022	2023	2022
Additions to right-of-use assets	<u>\$ 11,537</u>	<u>\$ 16,890</u>	<u>\$ 21,248</u>
Depreciation charge for right-of-use assets			
Land	\$ 3,626	\$ 3,636	\$ 10,863
Buildings	4,983	3,843	14,087
Office equipment	1,907	1,249	4,786
Transportation equipment	<u>2,167</u>	<u>2,720</u>	<u>7,825</u>
	<u>\$ 12,683</u>	<u>\$ 11,448</u>	<u>\$ 37,561</u>
	<u>\$ 32,657</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 nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 28,356</u>	<u>\$ 32,663</u>	<u>\$ 33,316</u>
Non-current	<u>\$ 25,689</u>	<u>\$ 29,105</u>	<u>\$ 32,843</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	0.88%-1.75%	0.88%-1.02%	0.88%-1.02%
Buildings	0.88%-2.50%	0.88%-1.21%	0.88%-1.21%
Office equipment	0.88%-1.75%	0.88%-1.21%	0.88%-1.21%
Transportation equipment	0.88%-1.75%	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 18.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 23,982</u>	<u>\$ 16,844</u>	<u>\$ 64,010</u>	<u>\$ 53,372</u>
Total cash outflow for leases	<u>\$ (34,693)</u>	<u>\$ (25,298)</u>	<u>\$ (100,691)</u>	<u>\$ (82,731)</u>

18. INVESTMENT PROPERTIES

	For the Nine Months Ended September 30	
	2023	2022
<u>Cost</u>		
Opening balance	\$ 771,534	\$ 272,334
Transfer from property, plant and equipment	<u>-</u>	<u>499,200</u>
Ending balance	<u>\$ 771,534</u>	<u>\$ 771,534</u>
<u>Accumulated depreciation and impairment</u>		
Opening balance	\$ (15,992)	\$ (15,724)
Depreciation expenses	<u>(200)</u>	<u>(201)</u>
Ending balance	<u>\$ (16,192)</u>	<u>\$ (15,925)</u>
Opening carrying amounts	<u>\$ 755,542</u>	<u>\$ 256,610</u>
Ending carrying amounts	<u>\$ 755,342</u>	<u>\$ 755,609</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value	<u>\$ 856,590</u>	<u>\$ 856,590</u>	<u>\$ 856,590</u>

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments of investment properties	<u>\$ 305,120</u>	<u>\$ 322,251</u>	<u>\$ 327,962</u>

19. BORROWINGS

a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Bank credit loans	<u>\$ 3,471,000</u>	<u>\$ 2,640,000</u>	<u>\$ 3,213,583</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, interest rates on short-term borrowings were 1.63%-1.78%, 1.21%-1.85% and 1.17%-1.78%, respectively.

b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 8,400,000	\$ 25,000	\$ 4,600,000
Less: Unamortized discounts on bills payable	<u>(11,580)</u>	<u>(149)</u>	<u>(1,193)</u>
	<u>\$ 8,388,420</u>	<u>\$ 249,851</u>	<u>\$ 4,598,807</u>

Short-term bills payable are commercial papers due within one year. As of September 30, 2023, December 31, 2022 and September 30, 2022, interest rates on bills payable were 1.37%-1.58%, 1.55% and 0.78%-1.12%, respectively.

c. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	\$ 500,000	\$ 8,700,000	\$ 3,400,000
Less: Loan management fees	<u>(12,814)</u>	<u>(9,355)</u>	<u>(10,047)</u>
Long-term bank loans	<u>\$ 487,186</u>	<u>\$ 8,690,645</u>	<u>\$ 3,389,953</u>

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

	Due Date	Article	Interest Rate	September 30, 2023	December 31, 2022	September 30, 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	\$ 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 three quarters of 2023.	1.79-1.91	-	4,500,000	800,000
Syndicated loan from Bank of Taiwan - credit loan A	2025.03.31	The credit can be revolved within 60 months from September 30, 2020, the first drawdown date of the loan. The credit has repaid in advance in the three quarters of 2023.	1.79-2.10	-	<u>3,700,000</u>	<u>2,100,000</u>
				<u>\$ 500,000</u>	<u>\$ 8,700,000</u>	<u>\$ 3,400,000</u>

20. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect to the Group's defined benefit plans were recognized based on the actuarial valuations of cost rates as of December 31, 2022 and 2021 in the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating costs	<u>\$ 5,808</u>	<u>\$ 6,105</u>	<u>\$ 17,596</u>	<u>\$ 18,362</u>
Selling and marketing expenses	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ 385</u>	<u>\$ 383</u>
General and administrative expenses	<u>\$ 423</u>	<u>\$ 448</u>	<u>\$ 1,275</u>	<u>\$ 1,401</u>

21. EQUITY

a. Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>			
Arising from treasury share transaction	\$ 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	13,452	11,868	12,809
Capital surplus transferred from unclaimed dividends	<u>2,463</u>	<u>2,463</u>	<u>1,667</u>
	<u>\$ 37,216</u>	<u>\$ 35,632</u>	<u>\$ 35,777</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 22 (d).

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

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

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

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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 48,635</u>	<u>\$ 41,955</u>
Cash dividends	<u>\$ 326,067</u>	<u>\$ 441,134</u>
Cash dividends per share (NT\$)	<u>\$ 0.3</u>	<u>\$ 0.4</u>

The above 2022 and 2021 appropriations for cash dividends were resolved by the Company's board of directors on March 15, 2023 and 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings on June 30, 2023 and June 17, 2022, respectively. Information on the appropriation of earnings resolved by the Company's shareholders' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves

	September 30, 2023	December 31, 2022	September 30, 2022
Special reserves	<u>\$ 1,186,894</u>	<u>\$ 1,186,894</u>	<u>\$ 1,186,894</u>

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

e. Others equity items

	Exchange Differences Arising on Translating the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
<u>2023</u>				
Balance at January 1	\$ (153,000)	\$ 1,098,713	\$ -	\$ 945,713
Unrealized benefits on financial assets at FVTOCI	-	68,255	-	68,255
Exchange differences on translating the financial statements of foreign operations	162,125	-	-	162,125
Fair value changes of financial instruments for hedging	-	-	(3,995)	(3,995)
Share of other comprehensive gain of associates	10,375	16,258	-	26,633
Disposal of affiliated enterprises that adopt the equity method	1	(52)	-	(51)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(3,273)</u>	<u>-</u>	<u>(3,273)</u>
Balance at September 30	<u>\$ 19,501</u>	<u>\$ 1,179,901</u>	<u>\$ (3,995)</u>	<u>\$ 1,195,407</u>

	Exchange Differences Arising on Translating the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Total
<u>2022</u>			
Balance at January 1	\$ (426,827)	\$ 1,109,486	\$ 682,659
Unrealized benefits on financial assets at FVTOCI	-	24,435	24,435
Exchange differences on translating the financial statements of foreign operations	337,465	-	337,465
Share of other comprehensive gain (loss) of associates	38,751	(4,818)	33,933
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(10,430)</u>	<u>(10,430)</u>
Balance at September 30	<u>\$ (50,611)</u>	<u>\$ 1,118,673</u>	<u>\$ 1,068,062</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 2,310,168	\$ 2,164,152
Addition	20,391	14,546
Attributable to non-controlling interests:		
Share of profit for the period	4,949	55,463
Exchange differences on translating the financial statements of foreign operations	<u>45,058</u>	<u>65,663</u>
Balance at September 30	<u>\$ 2,380,566</u>	<u>\$ 2,298,824</u>

- g. As of September 30, 2023, the Company has bought back 15,944 thousand treasury shares for transferring to employees with an average buy-back price of \$8.58 per share. The acquisition was approved by the board of directors on May 14, 2020 and fully executed on July 14, 2020. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 60,917	\$ 40,788	\$ 174,252	\$ 96,247
Add: Interest of lease liabilities	152	157	462	462
Less: Amounts included in the cost of qualifying assets	<u>(207)</u>	<u>(209)</u>	<u>(696)</u>	<u>(646)</u>
	<u>\$ 60,862</u>	<u>\$ 40,736</u>	<u>\$ 174,018</u>	<u>\$ 96,063</u>

Information about capitalized interest was as follows:

	For the Nine Months Ended September 30	
	2023	2022
Capitalization rate	1.75%-1.84%	0.84%-1.47%

b. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 291,844	\$ 297,827	\$ 885,723	\$ 892,954
Operating expenses	<u>6,364</u>	<u>5,988</u>	<u>18,902</u>	<u>18,154</u>
	<u>\$ 298,208</u>	<u>\$ 303,815</u>	<u>\$ 904,625</u>	<u>\$ 911,108</u>
An analysis of amortization by function				
Operating costs	\$ 1,519	\$ 540	\$ 4,021	\$ 2,178
Operating expenses	<u>667</u>	<u>1,500</u>	<u>2,120</u>	<u>4,017</u>
	<u>\$ 2,186</u>	<u>\$ 2,040</u>	<u>\$ 6,141</u>	<u>\$ 6,195</u>

c. Employee benefit expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits				
Defined contribution plans	\$ 20,392	\$ 19,639	\$ 59,861	\$ 59,853
Defined benefit plans	<u>6,360</u>	<u>6,682</u>	<u>19,256</u>	<u>20,146</u>
	26,752	26,321	79,117	79,999
Other employee benefits	<u>503,453</u>	<u>522,154</u>	<u>1,531,199</u>	<u>1,556,135</u>
Total employee benefit expense	<u>\$ 530,205</u>	<u>\$ 548,475</u>	<u>\$ 1,610,316</u>	<u>\$ 1,636,134</u>
An analysis of employee benefit expense by function				
Operating costs	\$ 474,156	\$ 489,695	\$ 1,435,438	\$ 1,451,758
Operating expenses	<u>56,049</u>	<u>58,780</u>	<u>174,878</u>	<u>184,376</u>
	<u>\$ 530,205</u>	<u>\$ 548,475</u>	<u>\$ 1,610,316</u>	<u>\$ 1,636,134</u>

d. Compensation of employees 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 nine months ended September 30, 2023, due to operation loss, the Company did not estimate the compensation of employees and the remuneration of directors.

The compensation of employees and remuneration of directors for the three months ended September 30, 2022 and nine months ended September 30, 2022 are as follows:

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Compensation of employees	<u>\$ (320)</u>	<u>\$ 6,346</u>
Remuneration of directors	<u>\$ 2,756</u>	<u>\$ 5,000</u>

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 2022 are as follows:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
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.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 3,505	\$ (926)	\$ (1,195)	\$ (1,488)
Deferred tax				
In respect of the current period	-	(14,000)	-	(14,000)
Income tax expense recognized in profit or loss	<u>\$ 3,505</u>	<u>\$ (14,926)</u>	<u>\$ (1,195)</u>	<u>\$ (15,488)</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

	Latest Approved Year
The Company	2021
Genovella Renewables Inc.	2021
Hwa Fong Investments Co., Ltd.	2021

24. (LOSS) EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic (loss) earnings per share	<u>\$ (0.17)</u>	<u>\$ 0.26</u>	<u>\$ (0.67)</u>	<u>\$ 0.36</u>
Diluted earnings per share		<u>\$ 0.26</u>		<u>\$ 0.36</u>

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
(Loss) profit for the period attributable to owners of the Company	<u>\$ (182,318)</u>	<u>\$ 287,269</u>	<u>\$ (728,060)</u>	<u>\$ 390,552</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>1,086,891</u>	1,086,891	<u>1,086,891</u>	1,086,891
Effect of potentially dilutive ordinary shares:				
Compensation issued to employees		<u>400</u>		<u>473</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>1,087,291</u>		<u>1,087,364</u>

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

25. CAPITAL MANAGEMENT

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

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

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

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

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,448	\$ -	\$ -	\$ 6,448
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>61,732</u>	<u>-</u>	<u>61,732</u>
	<u>\$ 6,448</u>	<u>\$ 61,732</u>	<u>\$ -</u>	<u>\$ 68,180</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,207,322	\$ -	\$ -	\$ 2,207,322
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>164,231</u>	<u>164,231</u>
	<u>\$ 2,207,322</u>	<u>\$ -</u>	<u>\$ 164,231</u>	<u>\$ 2,371,553</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 10,029</u>	<u>\$ -</u>	<u>\$ 10,029</u>
Financial liabilities for hedging				
Derivative financial liabilities - foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 3,995</u>	<u>\$ -</u>	<u>\$ 3,995</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
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>

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,374	\$ -	\$ -	\$ 6,374
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>64,156</u>	<u>-</u>	<u>64,156</u>
	<u>\$ 6,374</u>	<u>\$ 64,156</u>	<u>\$ -</u>	<u>\$ 70,530</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,082,124	\$ -	\$ -	\$ 2,082,124
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>170,441</u>	<u>170,441</u>
	<u>\$ 2,082,124</u>	<u>\$ -</u>	<u>\$ 170,441</u>	<u>\$ 2,252,565</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 23,664</u>	<u>\$ -</u>	<u>\$ 23,664</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

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

For the nine months ended September 30, 2023

Financial Assets	Financial Assets of Equity Securities at FVTOCI
Balance at January 1, 2023	\$ 184,007
Recognized in other comprehensive loss	<u>(19,776)</u>
Balance at September 30, 2023	<u>\$ 164,231</u>

For the nine months ended September 30, 2022

Financial Assets	Financial Assets of Equity Securities at FVTOCI
Balance at January 1, 2022	\$ 273,721
Recognized in other comprehensive loss	<u>(103,280)</u>
Balance at September 30, 2022	<u>\$ 170,441</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"> a) The average exchange rate (i.e., difference between the highest and the lowest exchange rates) of the counterparties' financial institutions in accordance with the Reuters quoting system, or b) The daily spot exchange rate quoted by financial institutions.

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.

	September 30, 2023	December 31, 2022	September 30, 2022
Discount for lack of marketability	15%	15%	15%

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

	September 30, 2023	December 31, 2022	September 30, 2022
Discount for lack of marketability			
2.5% increase	<u>\$ (4,830)</u>	<u>\$ (5,412)</u>	<u>\$ (5,013)</u>
2.5% decrease	<u>\$ 4,830</u>	<u>\$ 5,412</u>	<u>\$ 5,013</u>

b. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 68,180	\$ 26,082	\$ 70,530
Financial assets at amortized cost (1)	4,730,257	5,550,003	5,726,527
Financial assets at FVTOCI	2,371,553	2,221,757	2,252,565
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	15,343,685	14,830,067	14,425,458
Financial liabilities at FVTPL	10,029	9,005	23,664
Financial liabilities for hedging	3,995	-	-

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

c. Financial risk management objectives and policies

The Group's main objective in financial risk management is to manage the market risk related to operating activities (including foreign currency risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group is devoted to identify, estimate, and hedge the uncertainties of the market.

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

1) Market risk

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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 (loss) profit and the balances below would be negative.

	For the Nine Months Ended September 30	
	2023	2022
Influence to profit or loss at 5% variance		
USD	\$ 86,364	\$ 108,142
RMB	99,171	82,305
EUR	11,558	-

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 827,950	\$ 773,561	\$ 733,775
Financial liabilities	8,929,651	9,002,174	8,054,919
Cash flow interest rate risk			
Financial assets	737,000	638,773	667,512
Financial liabilities	3,471,000	2,640,000	3,213,583

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 (loss) profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased as follows:

	For the Nine Months Ended September 30	
	2023	2022
Increase/decrease	\$ 2,051	\$ 1,910

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 (loss) income for the nine months ended September 30, 2023 and 2022 would have increased/decreased as follows:

	For the Nine Months Ended September 30	
	2023	2022
(Loss) profit before tax		
Increase/decrease	\$ 322	\$ 319
Other comprehensive (loss) income		
Increase/decrease	118,578	112,628

2) Credit risk

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

The Group's concentration of credit risk of 9% and 7% of total amounts of trade receivables as of September 30, 2023 and 2022, respectively, were attributable to the Group's largest customer. The Group's accounts receivables cover massive clients and scatter across different industries. The Group continuously evaluates the financial status of receivables customers.

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

3) Liquidity risk

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's unused financing facilities were \$10,155,681 thousand, \$10,471,950 thousand and \$10,265,005 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:

	September 30, 2023	December 31, 2022	September 30, 2022
The discounted amount	<u>\$ 17,891</u>	<u>\$ 42,050</u>	<u>\$ 45,137</u>
The received amount	<u>\$ 17,753</u>	<u>\$ 41,868</u>	<u>\$ 44,871</u>
Interest rates	1.62%-1.90%	1.58%-1.69%	1.65%-1.69%

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc. Company, which held 57.8% of the ordinary shares of the Company as of September 30, 2023, December 31, 2022 and September 30, 2022.

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
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
YFY Development Corp.	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiary
YFY Japan Co., Ltd.	Fellow subsidiary
YFY Investment Co., Ltd.	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Cupid InfoTech Co., Ltd.	Fellow subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
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
Ensilience 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

Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Fellow subsidiary	\$ 473,121	\$ 934,764	\$ 1,645,275	\$ 2,367,236
Substantial related-party	44,517	37,307	114,914	133,202
Parent company	15	10	31	27
Parent's associates	<u>1,400</u>	<u>-</u>	<u>1,442</u>	<u>4</u>
	<u>\$ 519,053</u>	<u>\$ 972,081</u>	<u>\$ 1,761,662</u>	<u>\$ 2,500,469</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

Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Fellow subsidiary	\$ 261,653	\$ 350,728	\$ 708,463	\$ 1,154,981
Substantial related-party	162	105	697	1,478
Parent's associates	<u>11</u>	<u>214</u>	<u>60</u>	<u>461</u>
	<u>\$ 261,826</u>	<u>\$ 351,047</u>	<u>\$ 709,220</u>	<u>\$ 1,156,920</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

Related Party Type	September 30, 2023	December 31, 2022	September 30, 2022
Fellow subsidiary			
Union Paper Corp.	\$ 89,733	\$ 49,692	\$ 133,833
YFY Consumer Products Co., Ltd.	86,453	225,491	207,063
YFY Development Corp.	40,579	36,813	41,039
YFY Investment Co., Ltd.	-	108,095	97,779
Others	<u>32,829</u>	<u>28,486</u>	<u>39,564</u>
	249,594	448,577	519,278
Substantial related-party	53,065	34,071	32,387
Parent company	11	1	64
Parent's associates	<u>639</u>	<u>-</u>	<u>265</u>
	<u>\$ 303,309</u>	<u>\$ 482,649</u>	<u>\$ 551,994</u>

The outstanding accounts receivable from related parties are unsecured. No bad debt was recognized for the nine months ended September 30, 2023 and 2022 for allowance of impaired accounts receivable from related parties.

e. Notes and accounts payable to related parties

Related Party Type	September 30, 2023	December 31, 2022	September 30, 2022
Fellow subsidiary			
Shin Foong Specialty & Applied Materials Co., Ltd.	\$ 95,468	\$ 105,399	\$ 108,900
YFY Packaging Inc.	79,299	74,808	116,977
YFY Investment Co., Ltd.	31,405	42,401	34,419
Others	<u>41,842</u>	<u>27,368</u>	<u>37,207</u>
	248,014	249,976	297,503
Substantial related-party	1,972	1,036	1,769
Parent's associates	-	191	50
Parent company	<u>3,033</u>	<u>-</u>	<u>3,033</u>
	<u>\$ 253,019</u>	<u>\$ 251,203</u>	<u>\$ 302,355</u>

The outstanding accounts payable to related parties are unsecured.

f. Prepayments (account as other current liabilities)

Related Party Type	September 30, 2023	December 31, 2022	September 30, 2022
Fellow subsidiaries	\$ 357	\$ -	\$ 357
Parent company	<u>29</u>	<u>-</u>	<u>29</u>
	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ 386</u>

g. Loan to related parties (interest receivable included)

Related Party Type	September 30, 2023	December 31, 2022	September 30, 2022
Fellow subsidiary Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	\$ <u> -</u>	\$ <u> 6,255</u>	\$ <u>116,489</u>

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

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the interest income from the loans to related parties amounted to \$0 thousand, \$1,124 thousand, \$364 thousand and \$3,347 thousand, respectively.

h. Acquisitions of property, plant and equipment

	Purchase Price	
	For the Nine Months Ended September 30	
	2023	2022
Fellow subsidiary	\$ <u> 431</u>	\$ <u> -</u>

i. Proceeds from disposal of property, plant and equipment

	Consideration Received	
	For the Nine Months Ended September 30	
	2023	2022
Fellow subsidiaries	\$ <u> -</u>	\$ <u> 13</u>

j. Lease arrangements

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Lease liabilities</u>			
Parent company	\$ <u> 1,255</u>	\$ <u> 4,877</u>	\$ <u> 6,089</u>

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Interest expense</u>				
Parent company	\$ <u> 7</u>	\$ <u> 20</u>	\$ <u> 30</u>	\$ <u> 73</u>
<u>Lease expense</u>				
Parent company	\$ <u> 2,757</u>	\$ <u> 1,529</u>	\$ <u> 8,271</u>	\$ <u> 4,589</u>
Substantial related-party	<u> 1,779</u>	<u> 1,765</u>	<u> 5,339</u>	<u> 5,297</u>
	<u>\$ <u> 4,536</u></u>	<u>\$ <u> 3,294</u></u>	<u>\$ <u>13,610</u></u>	<u>\$ <u> 9,886</u></u>

k. Other transactions with related parties

Related Party Type	Rental Income (Accounted as Other Income)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Parent's associate	\$ 3,866	\$ 1,947	\$ 11,597	\$ 1,947
Fellow subsidiary	582	357	1,296	1,071
Parent company	<u>29</u>	<u>29</u>	<u>86</u>	<u>86</u>
	<u>\$ 4,477</u>	<u>\$ 2,333</u>	<u>\$ 12,979</u>	<u>\$ 3,104</u>

Related Party Type	Other Operating Expense (Accounted as Operating Expense)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Fellow subsidiary	\$ 12,308	\$ 14,077	\$ 36,974	\$ 43,673

Related Party Type	Management Fee (Accounted as Operating Expenses)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Fellow subsidiary	\$ 22,339	\$ 22,212	\$ 66,630	\$ 69,704
Substantial related-party	<u>1,162</u>	<u>-</u>	<u>2,949</u>	<u>-</u>
	<u>\$ 23,501</u>	<u>\$ 22,212</u>	<u>\$ 69,579</u>	<u>\$ 69,704</u>

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

l. Acquisition of financial assets

For the nine months ended September 30, 2023

Related Party Type/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
SinoPac Financial Holdings Company Limited	Financial assets at fair value through other comprehensive income - current	5,435,937	SinoPac Financial Holdings Company - equity	<u>\$ 81,540</u>

m. Proceeds from sale of financial assets

For the nine months ended September 30, 2022

Related Party Type/Name	Account Classification	Number of Shares Traded	Object of Transaction	Proceeds from Transactions
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 15 for information relating to proceeds from financial assets.

n. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries and benefits	\$ 5,906	\$ 7,313	\$ 17,720	\$ 22,437
Executive fees	<u>647</u>	<u>674</u>	<u>2,015</u>	<u>2,286</u>
	<u>\$ 6,553</u>	<u>\$ 7,987</u>	<u>\$ 19,735</u>	<u>\$ 24,723</u>

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

28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of September 30, 2023, December 31, 2022 and September 30, 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$334,069 thousand, \$423,309 thousand and \$508,761 thousand, respectively.

29. OTHER ITEMS

Due to the impact of the COVID-19 pandemic during the first three quarters in 2022, some of the Group's subsidiaries, clients and suppliers located in severely affected areas were under quarantine and travel restriction policies. The Group evaluated that there were no material impact on its business operations and financial condition. Hence, there were no issues arising from its ability to continue as a going concern, asset impairment and financial risk.

30. 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:

	September 30, 2023		
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,147	32.27	\$ 1,844,134
RMB	521,251	4.495	2,343,023
EUR	9,946	33.91	337,269
Non-monetary items			
Derivative instruments			
USD	41,000	32.27	1,323,070
<u>Financial liabilities</u>			
Monetary items			
USD	14,621	32.27	471,820
EUR	129	33.91	4,374
Non-monetary items			
Derivative instruments			
USD	30,000	32.27	968,100
RMB	80,000	4.495	359,600
EUR	3,000	33.91	101,730
	December 31, 2022		
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<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

September 30, 2022

	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 92,886	31.75	\$ 2,949,131
RMB	368,096	4.472	1,646,109
EUR	12,582	31.26	393,313
Non-monetary items			
Derivative instruments			
USD	52,000	31.75	1,651,000
EUR	6,000	31.26	187,560
<u>Financial liabilities</u>			
Monetary items			
USD	41,765	31.75	1,326,039
Non-monetary items			
Derivative instruments			
USD	35,000	31.75	1,111,250
EUR	8,000	31.26	250,080

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, realized and unrealized foreign exchange (losses) gains were \$96,631 thousand, \$77,742 thousand, \$75,507 thousand and \$112,546 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

31. SEPARATELY DISCLOSED ITEMS

a. Information about 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 or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Notes 7 and 9)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
 - 11) Information on investees (Table 6)
- 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 the financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- 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)

32. SEGMENT INFORMATION

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

	Business Unit of Pulp and Fine Paper	Business Unit of Forestry	Other Segment	Adjustment and Elimination	Total
For the nine months ended <u>September 30, 2023</u>					
Revenue from external customers	<u>\$ 15,353,480</u>	<u>\$ 41,758</u>	<u>\$ 102,073</u>	<u>\$ -</u>	<u>\$ 15,497,311</u>
Revenue from other internal operating segments	<u>\$ 1,268,508</u>	<u>\$ 180,825</u>	<u>\$ 35,312</u>	<u>\$ (1,484,645)</u>	<u>\$ -</u>
Segment (loss) profit	<u>\$ (747,802)</u>	<u>\$ 26,733</u>	<u>\$ (2,042)</u>	<u>\$ -</u>	<u>\$ (723,111)</u>
For the nine months ended <u>September 30, 2022</u>					
Revenue from external customers	<u>\$ 17,770,684</u>	<u>\$ 29,518</u>	<u>\$ 111,722</u>	<u>\$ -</u>	<u>\$ 17,911,924</u>
Revenue from other internal operating segments	<u>\$ 910,026</u>	<u>\$ 337,430</u>	<u>\$ 30,218</u>	<u>\$ (1,277,674)</u>	<u>\$ -</u>
Segment (loss) profit	<u>\$ 405,585</u>	<u>\$ 23,262</u>	<u>\$ 17,168</u>	<u>\$ -</u>	<u>\$ 446,015</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 NINE MONTHS ENDED SEPTEMBER 30, 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 100,637)	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 484,941 (RMB 107,885)	\$ 1,939,765 (RMB 431,538)
			Other receivables from related parties	Yes	452,364 (RMB 100,637)	-	-	-	Short-term financing	-	Operating capital	-	-	-	484,941 (RMB 107,885)	1,939,765 (RMB 431,538)
2	CHP International (BVI) Corporation	Shenzhen Jinglun Paper Co., Ltd. Shenzhen Jinglun Paper Co., Ltd. Zhaoqing Dingfung Forestry Ltd. Guangdong Dingfung Pulp & Paper Co., Ltd.	Long-term receivables from related parties	Yes	186,597 (US\$ 5,782)	80,902 (US\$ 2,507)	80,902 (US\$ 2,507)	2.5	Short-term financing	-	Operating capital	-	-	-	2,180,987 (US\$ 67,586)	2,180,987 (US\$ 67,586)
			Other receivables from related parties	Yes	107,869 (US\$ 3,343)	107,869 (US\$ 3,343)	107,869 (US\$ 3,343)	2.5	Short-term financing	-	Operating capital	-	-	-	2,180,987 (US\$ 67,586)	2,180,987 (US\$ 67,586)
			Other receivables from related parties	Yes	134,001 (US\$ 4,152)	132,589 (US\$ 4,109)	132,589 (US\$ 4,109)	2.5	Short-term financing	-	Operating capital	-	-	-	2,180,987 (US\$ 67,586)	2,180,987 (US\$ 67,586)
			Other receivables from related parties	Yes	889,922 (US\$ 27,577)	889,922 (US\$ 27,577)	889,922 (US\$ 27,577)	2.5-3.25	Short-term financing	-	Operating capital	-	-	-	2,180,987 (US\$ 67,586)	2,180,987 (US\$ 67,586)
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 2,993)	-	-	-	Short-term financing	-	Operating capital	-	-	-	14,028 (RMB 3,121)	56,113 (RMB 12,483)
			Other receivables from related parties	Yes	13,453 (RMB 2,993)	-	-	-	Short-term financing	-	Operating capital	-	-	-	14,028 (RMB 3,121)	56,113 (RMB 12,483)

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 US\$1=NT\$32.27 or RMB1=NT\$4.495 as of September 30, 2023.

Note 5: In preparing the consolidated financial statements, the financing transactions between the parent company and the subsidiary have been eliminated.

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.	\$ 22,425,024	\$ 742,210 (US\$ 23,000)	\$ 742,210 (US\$ 23,000)	\$ 29,043	\$ -	4.96	\$ 29,900,032	Note 8	N	N
		Hwa Fong Investment Ind. Co., Ltd.	b.	22,425,024	130,000	130,000	70,000	-	0.87	29,900,032	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 a 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

SEPTEMBER 30, 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	September 30, 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	108,368,224	\$ 1,885,608	0.9	\$ 1,885,608	
	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	164,228	14.9	164,228	
	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	257,631	2.5	257,631	
Hwa Fong Investment Co., Ltd.	<u>MEDEON BIODESIGN, INC.</u>	-	Financial assets at fair value through other comprehensive income - non-current	407,550	21,152	0.4	21,152	
	<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	2,467,287	42,931		42,931	
	Genovella Renewables Inc.	<u>Beneficiary certificates</u>						
		SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	452,369	6,448		6,448

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 Tables 6 and 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 NINE MONTHS ENDED SEPTEMBER 30, 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
The Company	YFY Capital Co., Ltd.	a.	Sale	\$ (457,184)	(3)	0.5 month after transaction month	\$ -	-	\$ 40,579	1
	Shenzhen Jinglun Paper Co., Ltd.	b.	Sale	(1,255,681)	(9)	5 months after transaction month	-	-	848,945	29
	YFY Consumer Products Co., Ltd.	a.	Sale	(430,893)	(3)	2 months after transaction month	-	-	86,453	3
	Union Paper Corp.	a.	Sale	(566,479)	(4)	1 month after transaction month	-	-	89,733	3
	Yuen Foong Paper Co., Ltd.	c.	Sale	(115,178)	(1)	1 month after transaction month	-	-	53,002	2
	YFY Packaging Inc	a.	Purchase	259,656	2	1 months after transaction month	-	-	(79,299)	(5)
	Shin Foong Specialty & Applied materials Co., Ltd.	a.	Purchase	155,323	1	4 months after transaction month	-	-	(95,468)	(6)
	YFY Japan Co., Ltd.	a.	Purchase	168,241	1	In agreed terms	-	-	-	-
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Ltd.	b.	Purchase	180,825	10	2 months after transaction month	-	-	(73,379)	(43)
Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Sale	(180,825)	(81)	2 months after transaction month	-	-	73,379	100
Shenzhen Jinglun Paper Co., Ltd.	Chung Hwa Pulp Corporation	b.	Purchase	1,255,681	100	5 months after transaction month	-	-	(848,945)	(100)

Note 1: a. Fellow subsidiary.
b. Parent company and subsidiary.
c. Related party in substance.

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

SEPTEMBER 30, 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	\$ 848,945 (Note)	2.12	\$ -	-	\$ 101,963	\$ -

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

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of September 30, 2023			Net (Loss) Income of the Investee	Share of (Loss) Profit	Note (Note)
				September 30, 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	\$ 5,514,924	\$ 101,953	\$ 112,847	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	725,443	6,575,804	115,325	b.
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.00	107,587	7,993	8,223	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, refractory materials wholesale and sale of building, material manpower services and wholesale and sale of chemistry raw materials	5,000	5,000	-	100.00	24,441	2,645	2,645	a.
	Union Paper Corp.	Yunlin, Taiwan	Pulp manufacturing, processing and sales business	63,571	55,659	9,027,682	8.72	109,726	(14,983)	(1,156)	b.
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong	Sale and print of paper merchandise	US\$466	US\$466	34,000,000	100.00	6,025	(2,583)	(2,583)	a.

Note: a. Subsidiary.
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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023 (Foreign Currencies in Thousands) (Note 1)	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment (Loss) Gain	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business.	\$ 2,763,280 (US\$ 85,630) (Note 3)	Investment in mainland China through companies set up in another country.	\$ 425,964 (US\$ 13,200)	\$ -	\$ -	\$ 425,964 (US\$ 13,200)	\$ 3,357 (Note 2,b.)	60.0	\$ 2,014 (Note 2,b.)	\$ 2,882,146	\$ -
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business.	14,384 (RMB 3,200)	(Note 5)	-	-	-	(Note 5)	(9,140) (Note 2,c.)	100.0	(9,140) (Note 2,c.)	130,975	-
Zhaoqing Dingfung Forestry Ltd.	Exporting factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform.	706,068 (US\$ 21,880)	Investment in mainland China through companies set up in another country.	142,892 (US\$ 4,428)	-	-	142,892 (US\$ 4,428)	26,733 (Note 2,c.)	86.5 (Note 4)	23,126 (Note 2,c.)	2,687,154	-
Zhaoqing Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flus 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.	8,990 (RMB 2,000)	(Note 5)	-	-	-	(Note 5)	4,108 (Note 2,c.)	100.0	4,108 (Note 2,c.)	20,528	-
Guizhou Yuanfung Forestry Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	121,365 (RMB 27,000)	(Note 6)	-	-	-	(Note 6)	- (Note 2,c.)	67.0	- (Note 2,c.)	81,306	-

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$568,856 (Note 1)	\$1,374,896 (Note 1)	\$8,990,836

Note 1: The exchange rates are US\$1=NT\$32.27 or RMB1=NT\$4.495 as of September 30, 2023.

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

- Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
- Financial statements reviewed 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 percentages 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 is set up in another country. The direct investor is Guangdong Dingfung Pulp & Paper Co., Ltd.

Note 6: Investment in mainland China through companies is 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 848,945 1,255,681	5 months after transaction month By market price	2 8
2	Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Parent company	Sales	180,825	By market price	1

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

TABLE 9**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

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.