

YFY Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2018 and 2017 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
YFY Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of YFY Inc. and its subsidiaries (the "Group") as of September 30, 2018 and 2017, the consolidated statements of comprehensive income for the three and nine months ended September 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2018 and 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the 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". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Notes 16 and 17 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2018 and 2017, the combined total assets of these non-significant subsidiaries were NT\$22,752,657 thousand and NT\$27,934,978 thousand, respectively, representing 19% and 25%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$10,139,857 thousand and NT\$8,966,051 thousand, respectively, representing 14% and 13%, respectively, of the consolidated total liabilities; the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$285,622 thousand, NT\$65,247 thousand, NT\$861,079 thousand and NT\$293,824 thousand, respectively, representing 41%, 6%, 27% and 931%, respectively, of the consolidated total comprehensive income for the three and nine months ended September 30, 2018 and 2017. As of September 30, 2018 and 2017, the carrying amounts of the above mentioned investees accounted for using the equity method were NT\$1,063,039 thousand and NT\$1,957,305 thousand, respectively. Included in the Group's total comprehensive income and loss for the three months

ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017 were a loss of NT\$20,183 thousand and a loss of NT\$43,290 thousand, and a gain of NT\$17,445 thousand and a loss of NT\$157,641 thousand, respectively, of the net profit or loss of investees accounted for using the equity method.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that has caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2018 and 2017, its consolidated financial performance for the three and nine months ended September 30, 2018 and 2017, and its consolidated cash flows for the nine months ended September 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2018

Notice to Readers

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

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

YFY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 3,941,189	3	\$ 4,144,894	4	\$ 4,477,584	4
Financial assets at fair value through profit or loss (Note 7)	1,615,642	1	325,326	-	433,082	-
Financial assets at fair value through other comprehensive income (Note 8)	5,399,798	5	-	-	-	-
Available-for-sale financial assets (Note 10)	-	-	4,532,411	4	4,231,145	4
Financial assets at amortized cost (Note 9)	1,433,156	1	-	-	-	-
Debt investments with no active market (Note 6)	-	-	2,357,256	2	2,059,958	2
Notes receivable (Notes 13, 23 and 31)	3,372,807	3	3,775,601	3	3,926,001	4
Accounts receivable (Notes 13 and 23)	11,903,662	10	10,952,498	10	10,423,432	9
Receivables from related parties (Notes 23 and 30)	88,846	-	22,178	-	31,619	-
Inventories (Note 14)	11,333,088	10	9,191,130	8	9,079,780	8
Biological assets (Note 15)	3,278,450	3	3,280,878	3	3,260,876	3
Prepayments	1,659,918	1	1,007,033	1	898,232	1
Other financial assets (Note 31)	239,451	-	405,321	-	370,652	-
Other current assets (Note 11)	<u>1,014,942</u>	<u>1</u>	<u>1,067,851</u>	<u>1</u>	<u>1,485,820</u>	<u>1</u>
Total current assets	<u>45,280,949</u>	<u>38</u>	<u>41,062,377</u>	<u>36</u>	<u>40,678,181</u>	<u>36</u>
NON-CURRENT ASSETS (Note 4)						
Financial assets at fair value through profit or loss (Note 7)	414,105	-	-	-	-	-
Financial assets at fair value through other comprehensive income (Notes 8 and 30)	12,641,489	11	-	-	-	-
Available-for-sale financial assets (Note 10)	-	-	8,712,256	8	7,911,057	7
Financial assets at amortized cost (Note 9)	5,000	-	-	-	-	-
Financial assets carried at cost (Note 12)	-	-	1,495,143	1	1,544,598	1
Debt investments with no active market (Note 30)	-	-	400,000	-	400,000	-
Investments accounted for using the equity method (Note 17)	5,824,388	5	6,307,712	6	6,613,931	6
Property, plant and equipment (Notes 18, 24 and 31)	48,844,287	41	47,994,654	43	46,918,818	42
Investment properties (Notes 19 and 24)	2,695,433	2	2,711,707	3	2,712,531	3
Goodwill	518,761	-	458,555	-	467,398	-
Deferred tax assets	411,470	-	368,246	-	483,956	1
Long-term prepayments for leases (Notes 24 and 31)	1,254,596	1	1,314,005	1	1,048,487	1
Prepayments for equipment (Note 18)	733,349	1	1,026,714	1	2,595,417	2
Other non-current assets (Notes 24 and 31)	<u>893,849</u>	<u>1</u>	<u>734,404</u>	<u>1</u>	<u>788,554</u>	<u>1</u>
Total non-current assets	<u>74,236,727</u>	<u>62</u>	<u>71,523,396</u>	<u>64</u>	<u>71,484,747</u>	<u>64</u>
TOTAL	<u>\$ 119,517,676</u>	<u>100</u>	<u>\$ 112,585,773</u>	<u>100</u>	<u>\$ 112,162,928</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 31)	\$ 15,859,595	13	\$ 11,384,557	10	\$ 13,043,836	12
Short-term bills payable (Note 20)	8,593,384	7	8,021,936	7	15,033,073	13
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	8,229	-	278,060	-	178,623	-
Notes and accounts payable	8,507,748	7	7,707,149	7	7,529,240	7
Payables to related parties (Note 30)	62,462	-	41,021	-	37,859	-
Other payables (Note 18)	3,315,287	3	2,984,866	3	3,002,657	3
Current tax liabilities (Note 4)	365,792	1	196,720	-	169,344	-
Current portion of long-term borrowings (Notes 20 and 31)	1,042,000	1	187,300	-	198,000	-
Other current liabilities (Notes 4, 11, 16 and 23)	<u>1,433,286</u>	<u>1</u>	<u>1,534,976</u>	<u>2</u>	<u>1,792,071</u>	<u>2</u>
Total current liabilities	<u>39,187,783</u>	<u>33</u>	<u>32,336,585</u>	<u>29</u>	<u>40,984,703</u>	<u>37</u>
NON-CURRENT LIABILITIES						
Long-term borrowings, net of current portion (Notes 20 and 31)	27,649,309	23	31,964,006	28	24,169,257	22
Deferred tax liabilities (Note 4)	3,434,954	3	3,386,650	3	3,377,522	3
Net defined benefit liabilities (Notes 4, 21 and 24)	1,046,238	1	1,134,140	1	1,379,004	1
Other non-current liabilities	<u>279,888</u>	<u>-</u>	<u>238,072</u>	<u>-</u>	<u>205,296</u>	<u>-</u>
Total non-current liabilities	<u>32,410,389</u>	<u>27</u>	<u>36,722,868</u>	<u>32</u>	<u>29,131,079</u>	<u>26</u>
Total liabilities	<u>71,598,172</u>	<u>60</u>	<u>69,059,453</u>	<u>61</u>	<u>70,115,782</u>	<u>63</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)						
Share capital	16,603,715	14	16,603,715	15	16,603,715	15
Capital surplus	1,010,941	1	1,046,800	1	1,040,491	1
Retained earnings	14,425,205	12	13,894,534	12	13,703,955	12
Other equity	<u>4,671,053</u>	<u>4</u>	<u>1,686,125</u>	<u>2</u>	<u>682,111</u>	<u>-</u>
Total equity attributable to owners of the Company	36,710,914	31	33,231,174	30	32,030,272	28
NON-CONTROLLING INTERESTS	<u>11,208,590</u>	<u>9</u>	<u>10,295,146</u>	<u>9</u>	<u>10,016,874</u>	<u>9</u>
Total equity	<u>47,919,504</u>	<u>40</u>	<u>43,526,320</u>	<u>39</u>	<u>42,047,146</u>	<u>37</u>
TOTAL	<u>\$ 119,517,676</u>	<u>100</u>	<u>\$ 112,585,773</u>	<u>100</u>	<u>\$ 112,162,928</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 13, 2018)

YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Notes 4, 23 and 30)								
Net sales	\$ 17,525,602	88	\$ 15,430,920	88	\$ 50,083,772	88	\$ 42,952,165	88
Other operating revenue	<u>2,463,801</u>	<u>12</u>	<u>2,035,205</u>	<u>12</u>	<u>6,760,964</u>	<u>12</u>	<u>5,854,393</u>	<u>12</u>
Total operating revenue	<u>19,989,403</u>	<u>100</u>	<u>17,466,125</u>	<u>100</u>	<u>56,844,736</u>	<u>100</u>	<u>48,806,558</u>	<u>100</u>
OPERATING COSTS								
(Notes 14, 24 and 30)								
Cost of goods sold	15,144,796	76	13,040,481	75	43,428,676	77	35,986,803	74
Other operating costs	<u>1,726,801</u>	<u>8</u>	<u>1,394,289</u>	<u>8</u>	<u>4,731,133</u>	<u>8</u>	<u>4,004,024</u>	<u>8</u>
Total operating costs	<u>16,871,597</u>	<u>84</u>	<u>14,434,770</u>	<u>83</u>	<u>48,159,809</u>	<u>85</u>	<u>39,990,827</u>	<u>82</u>
LOSS ON CHANGES IN FAIR VALUE LESS COSTS TO SELL BIOLOGICAL ASSETS (Notes 4 and 15)	<u>(2,119)</u>	<u>-</u>	<u>(1,248)</u>	<u>-</u>	<u>(8,650)</u>	<u>-</u>	<u>(4,418)</u>	<u>-</u>
GROSS PROFIT	<u>3,115,687</u>	<u>16</u>	<u>3,030,107</u>	<u>17</u>	<u>8,676,277</u>	<u>15</u>	<u>8,811,313</u>	<u>18</u>
OPERATING EXPENSES								
(Notes 24 and 30)								
Selling and marketing	1,286,854	7	1,238,828	7	3,745,606	7	3,571,932	7
General and administrative	992,497	5	981,707	6	2,862,092	5	2,883,688	6
Research and development	<u>69,295</u>	<u>-</u>	<u>75,994</u>	<u>-</u>	<u>184,916</u>	<u>-</u>	<u>161,249</u>	<u>-</u>
Total operating expenses	<u>2,348,646</u>	<u>12</u>	<u>2,296,529</u>	<u>13</u>	<u>6,792,614</u>	<u>12</u>	<u>6,616,869</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>767,041</u>	<u>4</u>	<u>733,578</u>	<u>4</u>	<u>1,883,663</u>	<u>3</u>	<u>2,194,444</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Note 24)	(261,764)	(1)	(262,689)	(1)	(760,688)	(1)	(699,479)	(2)
Share of profit of associates (Notes 4 and 17)	137,139	-	217,715	1	349,525	1	379,047	1
Interest income	78,110	-	72,509	1	175,030	-	187,097	-
Rental income (Notes 19 and 30)	22,936	-	18,862	-	69,388	-	43,325	-
Dividend income	554,282	3	412,448	2	558,098	1	416,788	1
Other income (Note 27)	138,456	1	107,463	1	384,405	1	263,864	-
Gain (loss) on disposal of investments	388	-	(3,799)	-	388	-	37,525	-
Other losses	(7,235)	-	(24,612)	-	(34,929)	-	(43,977)	-
Foreign exchange gain (loss) (Note 33)	(591,701)	(3)	212,532	1	(839,166)	(2)	299,725	1
Gain (loss) arising on financial instruments at FVTPL (Note 4)	393,026	2	(117,209)	(1)	688,598	1	(650,842)	(1)
Impairment loss on assets (Notes 12 and 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,052)</u>	<u>-</u>
Total non-operating income and expenses	<u>463,637</u>	<u>2</u>	<u>633,220</u>	<u>4</u>	<u>590,649</u>	<u>1</u>	<u>191,021</u>	<u>-</u>

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YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,230,678	6	\$ 1,366,798	8	\$ 2,474,312	4	\$ 2,385,465	5
INCOME TAX EXPENSE (Notes 4 and 25)	(252,731)	(1)	(151,134)	(1)	(736,912)	(1)	(444,470)	(1)
NET PROFIT FOR THE YEAR	977,947	5	1,215,664	7	1,737,400	3	1,940,995	4
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans (Note 25)	-	-	-	-	24,297	-	-	-
Unrealized gain on investments in equity instruments designated as at FVTOCI	375,732	2	-	-	1,514,685	3	-	-
Share of the other comprehensive gain (loss) of associates	8,745	-	-	-	(13,028)	-	-	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(641,474)	(3)	310,351	2	(53,169)	-	(944,122)	(2)
Unrealized loss on available-for-sale financial assets	-	-	(389,793)	(2)	-	-	(733,066)	(1)
Cash flow hedges	-	-	3,944	-	-	-	(674)	-
Gain on hedging instruments	(472)	-	-	-	10,821	-	-	-
Share of the other comprehensive income (loss) of associates	(17,689)	-	(61,814)	(1)	(1,854)	-	(294,706)	(1)
Other comprehensive income (loss) for the period, net of income tax	(275,158)	(1)	(137,312)	(1)	1,481,752	3	(1,972,568)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 702,789	4	\$ 1,078,352	6	\$ 3,219,152	6	\$ (31,573)	-
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 793,267	4	\$ 1,067,770	6	\$ 1,340,395	2	\$ 1,522,194	3
Non-controlling interests	184,680	1	147,894	1	397,005	1	418,801	1
	\$ 977,947	5	\$ 1,215,664	7	\$ 1,737,400	3	\$ 1,940,995	4
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 547,437	3	\$ 923,798	5	\$ 2,755,048	5	\$ (328,052)	(1)
Non-controlling interests	155,352	1	154,554	1	464,104	1	296,479	1
	\$ 702,789	4	\$ 1,078,352	6	\$ 3,219,152	6	\$ (31,573)	-

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YFY INC. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 26)								
Basic	<u>\$0.48</u>		<u>\$0.64</u>		<u>\$0.81</u>		<u>\$0.92</u>	
Diluted	<u>\$0.48</u>		<u>\$0.64</u>		<u>\$0.81</u>		<u>\$0.92</u>	

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

(With Deloitte & Touche review report dated November 13, 2018)

(Concluded)

YFY INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Other Equity							
	Share Capital		Capital Surplus				Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Treasury Shares	Consolidation Excess	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total								
BALANCE AT JANUARY 1, 2017	1,660,372	\$ 16,603,715	\$ 14,947	\$ 293,124	\$ 515,722	\$ 823,793	\$ 3,242,110	\$ 4,031,432	\$ 4,948,452	\$ 12,221,994	\$ 798,656	\$ 1,744,884	\$ -	\$ (11,183)	\$ -	\$ 32,181,859	\$ 9,460,270	\$ 41,642,129
Appropriation of the 2016 earnings Legal reserve	-	-	-	-	-	-	12,612	-	(12,612)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(393,985)	(393,985)
Adjustments for the changes in equity of associates	-	-	-	-	13,455	13,455	-	-	(40,233)	(40,233)	-	-	-	-	-	(26,778)	915	(25,863)
Partial disposal of interests in subsidiaries	-	-	-	-	(27,859)	(27,859)	-	-	-	-	-	-	-	-	-	(27,859)	145,373	117,514
Adjustments for the changes in equity of subsidiaries	-	-	-	-	231,102	231,102	-	-	-	-	-	-	-	-	-	231,102	507,822	738,924
Net income for the nine months ended September 30, 2017	-	-	-	-	-	-	-	-	1,522,194	1,522,194	-	-	-	-	-	1,522,194	418,801	1,940,995
Other comprehensive loss for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(962,359)	(885,261)	-	(2,626)	-	(1,850,246)	(122,322)	(1,972,568)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	-	-	-	1,522,194	1,522,194	(962,359)	(885,261)	-	(2,626)	-	(328,052)	296,479	(31,573)
BALANCE AT SEPTEMBER 30, 2017	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 732,420</u>	<u>\$ 1,040,491</u>	<u>\$ 3,254,722</u>	<u>\$ 4,031,432</u>	<u>\$ 6,417,801</u>	<u>\$ 13,703,955</u>	<u>\$ (163,703)</u>	<u>\$ 859,623</u>	<u>\$ -</u>	<u>\$ (13,809)</u>	<u>\$ -</u>	<u>\$ 32,030,272</u>	<u>\$ 10,016,874</u>	<u>\$ 42,047,146</u>
BALANCE AT JANUARY 1, 2018	1,660,372	\$ 16,603,715	\$ 14,947	\$ 293,124	\$ 738,729	\$ 1,046,800	\$ 3,254,722	\$ 4,030,039	\$ 6,609,773	\$ 13,894,534	\$ (263,411)	\$ 1,964,407	\$ -	\$ (14,871)	\$ -	\$ 33,231,174	\$ 10,295,146	\$ 43,526,320
Adjustments on initial application	-	-	-	-	-	-	-	-	124,573	124,573	-	(1,964,407)	3,545,472	14,871	(14,871)	1,705,638	43,400	1,749,038
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,660,372	16,603,715	14,947	293,124	738,729	1,046,800	3,254,722	4,030,039	6,734,346	14,019,107	(263,411)	-	3,545,472	-	(14,871)	34,936,812	10,338,546	45,275,358
Appropriation of the 2017 earnings Legal reserve	-	-	-	-	-	-	160,651	-	(160,651)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	(996,223)	(996,223)	-	-	-	-	-	(996,223)	-	(996,223)
Reversal of special reserve	-	-	-	-	-	-	-	(1,455)	1,455	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(481,966)	(481,966)
Adjustments for the changes in equity of associates	-	-	-	-	(45,575)	(45,575)	-	-	51,475	51,475	-	-	(339)	-	-	5,561	921	6,482
Adjustment for the changes in other capital surplus	-	-	-	-	(16)	(16)	-	-	-	-	-	-	-	-	-	(16)	-	(16)
Partial acquisition of interests in subsidiaries	-	-	-	-	973	973	-	-	-	-	-	-	-	-	-	973	135,146	136,119
Adjustments for the changes in equity of subsidiaries	-	-	-	-	8,759	8,759	-	-	-	-	-	-	-	-	-	8,759	13,826	22,585
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	738,013	738,013
Net income for the nine months ended September 30, 2018	-	-	-	-	-	-	-	-	1,340,395	1,340,395	-	-	-	-	-	1,340,395	397,005	1,737,400
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	-	-	20,731	20,731	(16,319)	-	1,400,565	-	9,676	1,414,653	67,099	1,481,752
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	-	-	-	1,361,126	1,361,126	(16,319)	-	1,400,565	-	9,676	2,755,048	464,104	3,219,152
Disposal of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(10,280)	(10,280)	-	-	10,280	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2018	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 702,870</u>	<u>\$ 1,010,941</u>	<u>\$ 3,415,373</u>	<u>\$ 4,028,584</u>	<u>\$ 6,981,248</u>	<u>\$ 14,425,205</u>	<u>\$ (279,730)</u>	<u>\$ -</u>	<u>\$ 4,955,978</u>	<u>\$ -</u>	<u>\$ (5,195)</u>	<u>\$ 36,710,914</u>	<u>\$ 11,208,590</u>	<u>\$ 47,919,504</u>

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

(With Deloitte & Touche review report dated November 13, 2018)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,474,312	\$ 2,385,465
Adjustments for:		
Depreciation and amortization expenses	2,986,833	2,676,200
Expected credit losses recognized on accounts receivable	27,934	-
Impairment loss recognized on accounts receivable	-	86,147
Net loss (gain) on fair value changes of financial instruments at FVTPL	(688,598)	650,842
Finance costs	760,688	699,479
Interest income	(175,030)	(187,097)
Dividend income	(558,098)	(416,788)
Share of profit of associates	(349,525)	(379,047)
Gain on disposal of property, plant and equipment	(814)	(1,482)
Gain on disposal of investments	(388)	(37,525)
Impairment loss on assets	-	42,052
Write-downs (reversal of write-downs) of inventories	18,646	(10,173)
Net unrealized loss (gain) on foreign currency exchange	871,845	(382,125)
Loss on changes in fair value less costs to sell - biological assets	8,650	4,418
Gain on bargain purchases	(6,975)	-
Changes in operating assets and liabilities		
Financial assets held for trading	-	381,475
Financial assets mandatorily classified as at FVTPL	(923,032)	-
Notes receivable	502,038	(1,149,159)
Accounts receivable	69,141	(806,008)
Receivables from related parties	(66,668)	279,879
Inventories	(1,458,335)	(1,061,046)
Biological assets	(93,568)	(52,189)
Prepayments	(442,012)	124,055
Other current assets	661,713	(105,258)
Notes and accounts payable	(588,378)	266,643
Payables to related parties	21,441	108,401
Other payables	141,359	(38,319)
Other current liabilities	(147,577)	732,602
Net defined benefit liabilities	(87,902)	(166,394)
Cash generated from operations	2,957,700	3,645,048
Interest received	147,734	142,350
Dividends received	562,359	166,933
Interest paid	(744,234)	(712,168)
Income tax paid	(518,371)	(394,725)
Net cash generated from operating activities	2,405,188	2,847,438

(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	\$ (83,777)	\$ -
Proceeds from the sale of financial assets at FVTOCI	72,250	-
Proceeds from the return of capital upon investees' capital reduction of financial assets at FVTOCI	46,122	-
Proceeds from the sale of financial assets at amortized cost	685,841	-
Purchase of available-for-sale financial assets	-	(507,304)
Proceeds from the sale of available-for-sale financial assets	-	162,890
Purchase of debt investments with no active market	-	(371,939)
Purchase of financial assets carried at cost	-	(89,436)
Proceeds from the sale of financial assets carried at cost	-	5,703
Proceeds from the return of capital upon investee's capital reduction of financial assets carried at cost	-	45,000
Proceeds from the sale of financial assets held for hedging	12,512	3,877
Proceeds from the sale of investments accounted for using the equity method	-	6,925
Acquisition of subsidiaries	77,041	-
Payments for property, plant and equipment	(2,627,042)	(3,182,059)
Proceeds from the disposal of property, plant and equipment	86,878	58,720
Proceeds from the disposal of investment properties	17,585	35,640
Decrease (increase) in other financial assets	176,502	(98,748)
Increase in other non-current assets	(2,421)	(179,516)
Increase in long-term prepaid rent	-	(13,213)
Net cash used in investing activities	<u>(1,538,509)</u>	<u>(4,123,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,242,921	3,956,422
Proceeds from short-term bills payable	565,477	8,090,742
Repayments of long-term borrowings	(3,551,139)	(10,398,617)
Increase in other non-current liabilities	43,186	41,084
Dividends paid to owners of the Company	(996,223)	-
Increase (decrease) in non-controlling interests	(346,853)	447,141
Overdue dividends received	6	-
Net cash generated from (used in) financing activities	<u>(1,042,625)</u>	<u>2,136,772</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(27,759)</u>	<u>(94,035)</u>
		(Continued)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (203,705)	\$ 766,715
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,144,894</u>	<u>3,710,869</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,941,189</u>	<u>\$ 4,477,584</u>

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

(With Deloitte & Touche review report dated November 13, 2018)

(Concluded)

YFY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on November 13, 2018.

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

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

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

- 1) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category			Carrying Amount		Remark
	IAS 39		IFRS 9	IAS 39	IFRS 9	
<u>Financial assets</u>						
Derivatives	Held-for-trading		Mandatorily at fair value through profit or loss (i.e. Mandatorily at FVTPL)	\$ 4,351	\$ 4,351	
	Hedging instruments		Hedging instruments	2	2	
Structured deposits	Loans and receivables		Mandatorily at FVTPL	783,256	783,256	
Equity securities	Held-for-trading		Fair value through other comprehensive income (i.e. FVTOCI - equity instruments)	104,523	104,523	
	Available-for-sale (accounted for as financial assets carried at cost)		FVTOCI - equity instruments	1,495,143	3,171,938	a)
	Available-for-sale		FVTOCI - equity instruments	13,244,667	13,244,667	a)
Mutual funds	Held-for-trading		Mandatorily at FVTPL	216,452	216,452	
Subordinated bank debentures	Loans and receivables		Mandatorily at FVTPL	402,418	402,418	
Time deposits with original maturities of more than 3 months	Loans and receivables		Amortized cost	2,120,878	2,120,878	
<u>Financial liabilities</u>						
Derivatives	Held-for-trading		Mandatorily at fair value through profit or loss	278,060	278,060	
	Hedging instruments		Hedging instruments	292	292	

- a) The Group elected to classify all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9. The related other equity - unrealized gain (loss) on available-for-sale financial assets of \$1,964,407 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously carried at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and remeasured at fair value. Consequently, there was an increase of \$1,676,795 thousand on financial assets at FVTOCI, an increase of \$1,636,711 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase in non-controlling interests of \$40,084 thousand on January 1, 2018.

The Group recognized, under IAS 39, impairment loss on certain investments in equity securities previously carried at cost, and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$45,037 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$45,037 thousand in retained earnings on January 1, 2018.

- b) As a result of the retrospective application of IFRS 9 by associates, there was an increase in investments accounted for using the equity method of \$12,021 thousand, a decrease in other equity - unrealized gain (loss) on financial assets at FVTOCI of \$10,609 thousand, an increase in retained earnings of \$22,070 thousand and an increase in non-controlling interests of \$560 thousand on January 1, 2018.

Hedge accounting

When the Group applies IFRS 9 for the first time for hedge accounting, it will be subject to deferral.

Furthermore, due to the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, all derivative and non-derivative financial assets and financial liabilities which are designated as hedging instruments are presented retrospectively as financial assets and financial liabilities held for hedging starting from January 1, 2018.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivables and deferred revenue were recognized when revenue was recognized for the contract under IAS 18.

As a result of the retrospective application of IFRS 15 by associates, there was an increase of \$60,222 thousand in investments accounted for using the equity method, an increase of \$57,466 thousand in retained earnings and an increase of \$2,756 thousand in non-controlling interests on January 1, 2018. There is no significant impact on the consolidated balance sheets on January 1, 2018 and the consolidated statements of comprehensive income and cash flows for the nine months ended September 30, 2018.

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the notes of the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

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

The Group expects to apply the following practical expedients:

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

The Group as lessor

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

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

Refer to Note 16 and Tables 8 and 9 for more information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2017.

1) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

i. Measurement category

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i) Financial assets at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI or the amortized cost criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 29.

ii) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

2017

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends on the financial asset. Fair value is determined in the manner described in Note 29.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently carried at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are carried at cost less any identified impairment loss at the end of each reporting period and are presented as a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii) Loans and receivables

Loans and receivables (including cash and cash equivalents, debt investments with no active market, notes receivables and accounts receivable) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial assets.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets at amortized cost, such as notes receivable and accounts receivable, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with collecting payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of a security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of the its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of notes receivable and accounts receivable, where the carrying amount is reduced through the use of an allowance account. When notes receivable and accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible notes receivable and accounts receivable that are written off against the allowance account.

iii. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Financial liabilities

i. Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as at fair value through profit or loss when such financial liabilities are either held for trading or designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 29.

ii. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including foreign exchange forward contracts, cross-currency swap contracts and combined option contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts, which contain financial asset hosts within the scope of IFRS 9, are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2) Revenue recognition

2018

Revenue from merchandise sales mainly comes from sales of various types of paper and cardboard products. When control over the ownership of goods has been transferred, revenue and receivables are recognized; advance receipts received before the merchandise has been transferred are recognized as a contractual liability.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. An allowance for sales returns and a liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

a) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the Group; and
- v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

b) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract or when services are provided.

c) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3) Employee benefits

Pension costs 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.

4) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand	\$ 17,952	\$ 5,762	\$ 6,402
Checking accounts and demand deposits	2,686,699	2,752,372	3,384,195
Cash equivalents			
Time deposits	1,196,338	1,375,260	1,081,487
Repurchase agreements collateralized by bonds	<u>40,200</u>	<u>11,500</u>	<u>5,500</u>
	<u>\$ 3,941,189</u>	<u>\$ 4,144,894</u>	<u>\$ 4,477,584</u>

The market interest rate intervals for time deposits with original maturities of more than 3 months, which have been reclassified to debt investments with no active market - current, were 0.16%-4.40% and 0.63%-4.00% per annum, respectively, as of December 31, 2017 and September 30, 2017.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets at FVTPL - current</u>			
Financial assets held for trading			
Derivative financial assets (not under hedging)			
Foreign exchange forward contracts	\$ -	\$ 4,351	\$ 39,852
Non-derivative financial assets			
Mutual funds	-	216,452	295,084
Listed shares	-	104,523	98,146
Mandatorily at fair value through profit or loss			
Derivative financial assets (not under hedging)			
Foreign exchange forward contracts	379,532	-	-
Cross-currency swap contracts	93,340	-	-
Combined option contracts	50,351	-	-
Non-derivative financial assets			
Mutual funds	106,156	-	-
Hybrid financial assets			
Structured deposits	<u>986,263</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,615,642</u>	<u>\$ 325,326</u>	<u>\$ 433,082</u>
			(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
Subordinated bank debentures	\$ 414,105	\$ -	\$ -
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedging)			
Cross-currency swap contracts	\$ -	\$ 213,578	\$ 160,939
Foreign exchange forward contracts	2,139	64,482	17,684
Combined option contracts	6,090	-	-
	<u>\$ 8,229</u>	<u>\$ 278,060</u>	<u>\$ 178,623</u>
			(Concluded)

The Group signed a supplemental agreement with the issuer of its exchangeable bonds on January 24, 2017. If the Group does not exercise the conversion of the bonds before June 2017, the issuer should redeem the bonds and pay the agreed upon rate of return on the basis of the principal amount. The exchangeable bonds expired on June 20, 2017, and the Group received the agreed principal amount and income of US\$12,393 thousand on August 11, 2017.

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2018</u>			
Buy	USD:RMB	2019.07.05	USD10,000
Buy	JPY:USD	2018.10.31	JPY200,000
Sell	EUR:NTD	2018.10.25	EUR1,600
Sell	USD:NTD	2018.10.02-2018.10.29	USD28,500
Sell	RMB:USD	2018.10.09-2018.12.20	RMB2,104,559
<u>December 31, 2017</u>			
Sell	USD:NTD	2018.01.03-2018.01.29	USD16,430
Sell	RMB:USD	2018.01.08-2018.03.28	RMB651,872
<u>September 30, 2017</u>			
Sell	USD:NTD	2017.10.13-2017.11.10	USD16,900
Sell	RMB:USD	2017.10.13-2018.03.01	RMB578,935
Sell	RMB:NTD	2017.10.31-2017.12.28	RMB41,000

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

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

September 30, 2018

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
US\$45,000	2019.04.16-2019.05.08	3.78%-3.80%	1.55%-1.56%

December 31, 2017

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
US\$115,000	2018.04.13-2018.07.11	3.78%-3.97%	1.55%-1.56%

September 30, 2017

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Interest Rate Received
US\$115,000	2018.04.13-2018.07.11	3.78%-3.97%	0.98%

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

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

September 30, 2018

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD:RMB	2018.10.23-2019.07.03	USD60,000
Sell	USD:RMB	2018.10.23-2019.07.03	USD60,000

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

**September 30,
2018**

Investments in equity instruments at FVTOCI - current

Domestic investments

Listed shares	\$ <u>5,399,798</u>
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Investments in equity instruments at FVTOCI - non-current

Domestic investments

Listed shares	\$ 9,107,577
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Unlisted shares	<u>3,159,210</u>
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	12,266,787
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Foreign investments

Unlisted shares	<u>374,702</u>
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	<u>\$ 12,641,489</u>
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The Group invested in listed and unlisted domestic and foreign equity securities, and elected to designate these investments in equity instruments as at FVTOCI. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3, 10 and 12 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

**September 30,
2018**

Current

Time deposits with original maturities of more than 3 months and not exceeding 1 year	\$ <u>1,433,156</u>
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Non-current

Time deposits with original maturities of more than 1 year	\$ <u>5,000</u>
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The ranges of interest rates for time deposits with original maturities of more than 3 months and not exceeding 1 year and more than 1 year were 0.63%-3.95% and 1.12%, respectively, as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Notes 3 and 6 for information relating to their reclassification and comparative information for 2017.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	September 30, 2017
<u>Current</u>		
Domestic investments		
Listed shares	\$ <u>4,532,411</u>	\$ <u>4,231,145</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ <u>8,712,256</u>	\$ <u>7,911,057</u>

11. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2018	December 31, 2017	September 30, 2017
Derivative financial assets under hedge accounting (accounted for as other current assets)			
Foreign exchange forward contracts	\$ <u>722</u>	\$ <u>2</u>	\$ <u>179</u>
Derivative financial liabilities under hedge accounting (accounted for as other current liabilities)			
Foreign exchange forward contracts	\$ <u>3,466</u>	\$ <u>292</u>	\$ <u>123</u>

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

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2018</u>			
Buy	EUR:NTD	2018.10.26-2018.12.20	EUR7,198
Buy	JPY:NTD	2018.10.11	JPY13,950
<u>December 31, 2017</u>			
Buy	EUR:NTD	2018.01.31	EUR2,458
Buy	USD:NTD	2018.01.26-2018.01.31	USD1,227
Buy	JPY:NTD	2018.01.09	JPY13,950

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2017</u>			
Buy	EUR:NTD	2017.10.30	EUR2,640
Buy	JPY:NTD	2017.10.05-2017.10.30	JPY32,748
Buy	USD:NTD	2017.10.24-2017.10.30	USD1,811
(Concluded)			

12. FINANCIAL ASSETS CARRIED AT COST - 2017

	December 31, 2017	September 30, 2017
<u>Non-current</u>		
Domestic and foreign unlisted shares	\$ 1,480,329	\$ 1,529,697
Domestic emerging market shares	9,642	9,642
Foreign beneficiary certificates	<u>5,172</u>	<u>5,259</u>
	<u>\$ 1,495,143</u>	<u>\$ 1,544,598</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 1,495,143</u>	<u>\$ 1,544,598</u>

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates being so significant; they were carried at cost less impairment at the end of the reporting period.

The Group recognized impairment losses on financial assets carried at cost of \$32,507 thousand for the three months ended September 30, 2017.

13. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Notes receivable</u>			
Notes receivable	\$ 3,380,326	\$ 3,787,692	\$ 3,932,773
Less: Allowance for impairment loss	<u>(7,519)</u>	<u>(12,091)</u>	<u>(6,772)</u>
	<u>\$ 3,372,807</u>	<u>\$ 3,775,601</u>	<u>\$ 3,926,001</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 12,399,535	\$ 11,442,787	\$ 10,914,997
Less: Allowance for impairment loss	<u>(495,873)</u>	<u>(490,289)</u>	<u>(491,565)</u>
	<u>\$ 11,903,662</u>	<u>\$ 10,952,498</u>	<u>\$ 10,423,432</u>

2018

Notes receivable and accounts receivable were generated from operating activities.

The Group reviews the recoverable amounts at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group recognizes allowances for expected credit losses during the reporting period as prescribed by IFRS 9, which permits the use of a lifetime expected loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

September 30, 2018

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 360 Days	More than 360 Days	Total
Gross carrying amount	\$ 14,911,028	\$ 403,228	\$ 62,208	\$ 40,088	\$ 363,309	\$ 15,779,861
Loss allowance (lifetime ECLs)	<u>(93,206)</u>	<u>(35,837)</u>	<u>(1,452)</u>	<u>(17,762)</u>	<u>(355,135)</u>	<u>(503,392)</u>
Amortized cost	<u>\$ 14,817,822</u>	<u>\$ 367,391</u>	<u>\$ 60,756</u>	<u>\$ 22,326</u>	<u>\$ 8,174</u>	<u>\$ 15,276,469</u>

The aging of receivables is as follows:

	For the Nine Months Ended September 30, 2018
Balance at January 1, 2018	\$ 502,380
Add: Net remeasurement of loss allowance	27,934
Less: Amounts written off	(16,454)
Effect of foreign currency exchange differences	<u>(10,468)</u>
Balance at September 30, 2018	<u>\$ 503,392</u>

2017

The Group's credit policy for both 2017 and 2018 is the same.

The aging of receivables is as follows:

	December 31, 2017	September 30, 2017
Not past due	\$ 14,280,365	\$ 13,762,974
Up to 90 days	473,055	639,006
91-180 days	72,398	51,645
181-360 days	23,821	36,724
More than 360 days	<u>380,840</u>	<u>357,421</u>
	<u>\$ 15,230,479</u>	<u>\$ 14,847,770</u>

The above aging schedule was based on the past due date.

The aging of receivables that were past due but not impaired is as follows:

	December 31, 2017	September 30, 2017
Up to 90 days	\$ 409,547	\$ 599,048
91-180 days	67,635	27,532
181-360 days	11,482	14,426
More than 360 days	<u>79,640</u>	<u>63,225</u>
	<u>\$ 568,304</u>	<u>\$ 704,231</u>

The above aging schedule was based on the past due date.

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.

The movements of the allowance for doubtful receivables are as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 538,678	\$ 91,145	\$ 629,823
Add: Impairment losses recognized on receivables	82,553	3,594	86,147
Less: Amounts written off during the year as uncollectible	(201,078)	(4,068)	(205,146)
Effect of foreign currency exchange differences	<u>(12,213)</u>	<u>(274)</u>	<u>(12,487)</u>
Balance at September 30, 2017	<u>\$ 407,940</u>	<u>\$ 90,397</u>	<u>\$ 498,337</u>

The aging of individually impaired receivables is as follows:

	December 31, 2017	September 30, 2017
Up to 90 days	\$ 63,508	\$ 39,958
91-180 days	4,763	24,113
181-360 days	12,339	22,298
More than 360 days	<u>301,200</u>	<u>294,196</u>
	<u>\$ 381,810</u>	<u>\$ 380,565</u>

The above aging of accounts receivable before deducting the allowance for impairment was presented based on the past due date.

The carrying amount of notes receivable pledged as collateral is disclosed in Note 31.

14. INVENTORIES

	September 30, 2018	December 31, 2017	September 30, 2017
Finished and purchased finished goods	\$ 4,572,681	\$ 4,183,434	\$ 3,858,191
Materials	5,658,687	4,019,584	4,211,353
Work-in-process	1,101,720	986,495	1,008,619
Construction-in-progress	<u>-</u>	<u>1,617</u>	<u>1,617</u>
	<u>\$ 11,333,088</u>	<u>\$ 9,191,130</u>	<u>\$ 9,079,780</u>

The cost of goods sold for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017 included inventory write-downs (reversals of inventory write-downs) of \$24,710 thousand, \$(9,925) thousand, \$18,646 thousand and \$(10,173) thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

15. BIOLOGICAL ASSETS

	For the Nine Months Ended September 30	
	2018	2017
Balance at January 1	\$ 3,280,878	\$ 3,275,503
Increases due to planting	212,324	100,185
Loss on changes in fair value less costs to sell	(8,650)	(4,418)
Decreases due to harvesting	(118,756)	(47,996)
Net exchange differences	<u>(87,346)</u>	<u>(62,398)</u>
Balance at September 30	<u>\$ 3,278,450</u>	<u>\$ 3,260,876</u>

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

The fair values of biological assets (before deducting costs to sell) are as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Eucalyptus (Level 3)	<u>\$ 3,382,857</u>	<u>\$ 3,380,533</u>	<u>\$ 3,356,463</u>

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

	For the Nine Months Ended September 30	
	2018	2017
Balance at January 1	\$ 3,380,533	\$ 3,370,430
Increases due to planting	231,267	105,326
Loss on changes in fair value	(9,421)	(4,644)
Decreases due to harvesting	(129,351)	(50,459)
Net exchange differences	<u>(90,171)</u>	<u>(64,190)</u>
Balance at September 30	<u>\$ 3,382,857</u>	<u>\$ 3,356,463</u>

16. SUBSIDIARIES

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

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2018	December 31, 2017	September 30, 2017	
YFY Inc.	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	56.90	56.90	56.90	
	YFY International BVI Corp.	Investment and holding	100.00	100.00	100.00	
	YFY Global Investment BVI Corp.	Investment and holding	100.00	100.00	100.00	
	Yuen Foong Yu Consumer Products Co., Ltd.	Production and sale of high quality paper and paper - related merchandise	100.00	100.00	100.00	
	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex	49.60	49.80	49.80	2)
	China Color Printing Co., Ltd.	Design and printing of magazines, posters and books	49.70	49.70	49.70	2)
	YFY Venture Capital Investment Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	49.00	49.00	49.00	
	YFY Capital Co., Ltd.	Sale of paper and paper-related merchandise	100.00	100.00	100.00	
	YFY Holding Management Co., Ltd.	Consulting	100.00	100.00	100.00	
	Union Paper Co., Ltd.	Manufacture and sale of paper	18.90	18.90	18.90	2)
	YFY Paradigm Investment Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	San Ying Enterprise Co., Ltd.	Design and construction of water processing and environmental facilities	100.00	100.00	100.00	
	Lotus Ecocings & Engineering Co., Ltd.	Construction of sewage treatment plants and incinerators	100.00	100.00	100.00	
	Eihoyo Shoji Co., Ltd.	Trade of paper, chemical material and machinery	100.00	100.00	100.00	
YFY International BVI Corp.	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	50.90	50.90	50.90	
	Cupid InfoTech Co., Ltd.	a. Provides services in information software and information processing. b. Wholesale of information software and electric appliances.	100.00	100.00	100.00	
	YFY Cayman Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	40.00	40.00	40.00	
	Zhaoqing Ding Feng Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	13.50	13.50	13.50	
	Hwa Fong Paper (Hong Kong) Company Limited	Sale and print of paper merchandise	100.00	100.00	100.00	
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	100.00	100.00	100.00	
	YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	94.00	94.00	94.00	15)
	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	100.00	100.00	100.00	
	YFY Biopulp Technology Limited	Investment and holding	60.00	60.00	60.00	
	YFY Firstpak Packaging (Yangzhou) Co., Ltd.	Manufacture and sale of product packaging; design, manufacture and sale of packaging equipment and molding equipment	70.00	70.00	70.00	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	64.60	70.30	73.60	
	YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	93.80	93.80	93.80	
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	90.00	90.00	90.00	
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	100.00	100.00	
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	35.40	29.70	26.40	
	YFY Packaging (Yangzhou) Investment Co., Ltd.					
	Hwa Fong Paper (Hong Kong) Limited					
	YFY Cayman Co., Ltd.					
	YFY International Labuan Co., Ltd.					
YFY Mauritius Corp.	YFY Packaging Capital Corp.	Investment and holding	100.00	100.00	100.00	
	Winsong Packaging Investment Company Limited	Investment and holding	48.80	52.10	53.80	
	Willpower Industries Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Packaging (Ha Nam) Co., Ltd.	Investment and holding	70.00	-	-	10)
		Sale of various paper products	55.20	-	-	12)
		Manufacture and sale of paper and cardboard	100.00	-	-	11)
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	-	-	12)
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	-	-	12)
	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Manufacture and sale of cardboard	100.00	-	-	12)
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Manufacture and sale of paper and cardboard	100.00	-	-	12)
	YFY Jupiter (BVI) Inc.	Investment and holding	35.00	38.45	38.45	
	YFY Packaging Inc.	Production and sale of high-quality craft paper and corrugated paper	100.00	100.00	100.00	
	Mobius105 Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Jupiter Limited	Design of packaging and sale of paper	100.00	100.00	100.00	
	Jupiter Prestige Group Holdings Limited	Investment and holding	57.00	57.00	57.00	
YFY Jupiter (BVI) Inc.	YFY Jupiter US, Inc.	Design of packaging and sale of paper	100.00	100.00	100.00	
	Mobius105 (HK) Ltd.	Design of packaging and sale of paper	-	-	-	7)
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	99.00	99.00	99.00	
	YFY Jupiter Singapore Pte. Ltd.	Design of packaging and sale of paper	-	-	-	3)
	YFY Jupiter Indonesia, PT PMA	Design of packaging	1.00	-	-	13)
	Innovativ Packaging Worldwide, LLC	Design of packaging and sale of paper	100.00	100.00	51.00	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper	1.00	1.00	1.00	
	Spectiv Brands, LLC	Investment and holding	100.00	100.00	100.00	5)
	YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	100.00	100.00	100.00	
	YFY Jupiter Malaysia Sdn. Bhd.	Design of packaging and sale of paper	1.00	1.00	1.00	
	YFY Jupiter Mexico, S. de R.L.	Design of packaging and sale of paper	99.00	99.00	99.00	
	YFY Jupiter Indonesia, PT PMA	Design of packaging	99.00	-	-	13)
	Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	100.00	100.00	100.00	
	YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	100.00	100.00	100.00	
	Rimagine Limited	Investment and holding	-	-	100.00	9)
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	Graphic design	100.00	100.00	100.00	
	Jupiter Prestige Group Australia Pty Ltd.	Graphic design	100.00	100.00	100.00	
	Opal BPM Limited	Design of process system and assistance in graphic design	82.50	82.50	82.50	
	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2018	December 31, 2017	September 30, 2017	
Jupiter Prestige Group North America Inc.	Clemtel LLC	Brand design	60.00	-	-	10)
Rimagine Limited	Rimagine Group Limited	Investment and holding	-	-	100.00	9)
Jupiter Prestige Group Europe Limited	Rimagine Design (Shanghai) Co., Ltd. Jupiter Prestige Group Asia Limited	Photography Graphic design	- 100.00	- 100.00	100.00 100.00	9)
Opal BPM Limited	Opal BPM India Private Limited	Workflow system coding	100.00	100.00	100.00	6)
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Opal BPM Consulting Limited	Consulting services of workflow system coding	100.00	100.00	100.00	
YFY Paper Enterprise (Xiamen) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	50.00	50.00	50.00	
Kunshan YFY Advertising and Printing Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	50.00	50.00	50.00	8)
YFY Packaging Inc.	Shanghai YFY Advertising and Printing Co., Ltd.	Printing of publications	51.00	51.00	51.00	
YFY Packaging (BVI) Corp.	YFY Packaging (BVI) Corp.	Investment and holding	100.00	100.00	100.00	
YFY Global Investment BVI Corp.	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	66.80	66.80	66.80	4)
	YFY Mauritius Corp.	Investment and holding	51.20	47.90	46.20	
	YFY RFID CO. Limited	Investment and holding	100.00	100.00	100.00	
	YFY Jupiter (BVI) Inc.	Investment and holding	42.80	38.45	38.45	2)
	YFY RFID Technologies Co., Ltd.	Investment and holding	100.00	100.00	100.00	
YFY RFID CO. Limited	Arizon RFID Technologies (Yangzhou) Co., Ltd.	Sale and design RFID (radio frequency identification) products	95.00	95.00	100.00	
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design RFID (radio frequency identification) products	100.00	100.00	100.00	5)
YFY RFID Technologies Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd. Yeon Technologies Co., Ltd.	Product distribution and R&D services Sale and design of RFID (radio frequency identification) products	100.00 100.00	100.00 100.00	- 100.00	
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Investment and holding	100.00	100.00	100.00	
	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products	85.00	85.00	85.00	3)
Yuen Foong Yu Consumer Products Investment Limited	Yuen Foong Shop Co., Ltd.	Sale of paper	50.00	50.00	50.00	
YFY Investment Co., Ltd.	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.00	100.00	100.00	
YFY Capital Co., Ltd.	YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.00	100.00	100.00	1)
YFY Venture Capital Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.00	100.00	100.00	
YFY Capital Holdings Corp.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.00	100.00	100.00	
	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	0.10	0.10	0.10	4)
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	1.00	1.00	1.00	
	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	-	-	-	
	YFY Capital Holdings Corp.	Investment and holding	100.00	100.00	100.00	2)
	YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform.	100.00	100.00	100.00	
YFY Paradigm Investment Co., Ltd.	Union Paper Co., Ltd.	Manufacture and sale of paper	4.10	4.10	4.10	
	YFY Biotech Management Company	Consulting	100.00	100.00	100.00	5)
	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	0.70	0.70	0.70	
	Yuen Foong Shop Co., Ltd.	Sale of paper	50.00	50.00	50.00	
Yuen Foong Shop Co., Ltd.	Livebricks Inc.	Information processing services	100.00	100.00	100.00	3)
	Shanghai YFY International Trade Co., Ltd.	General trade	100.00	100.00	100.00	
	Yuen Foong Shop (HK) Limited	General trade	100.00	100.00	100.00	
Lotus Ecoscings & Engineering Co., Ltd.	Yuen Yan Paper Container Co., Ltd.	Sale and manufacture of corrugated paper and materials	0.07	0.07	0.07	2)
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	0.03	0.03	0.03	
	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	0.01	0.01	0.01	
San Ying Enterprise Co., Ltd.	Kunshan Activview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	66.40	66.40	66.40	1)
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Investment and holding	100.00	100.00	100.00	
	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	49.00	49.00	49.00	
	Hwa Fong Investment Co., Ltd.	Investment and holding	100.00	100.00	100.00	2)
CHP International (BVI) Corporation	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	60.00	60.00	60.00	
	Zhaoqing Ding Feng Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	20.20	20.20	20.20	
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	1.00	1.00	1.00	1)
	Kuang Hwa Fertilizer Limited Company	To produce fertilizer	100.00	100.00	100.00	
Guangdong Ding Feng Pulp & Paper Co., Ltd.	Zhaoqing Ding Feng Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	66.30	66.30	66.30	

(Concluded)

Remarks:

- 1) Except for the reviewed financial statements for the nine months ended September 30, 2018 and 2017 of YFY International BVI Corp., YFY Cayman Co., Ltd., YFY Mauritius Corp., Chung Hwa Pulp Corporation, Yuen Foong Yu Consumer Products Co., Ltd., YFY Packaging Inc., Shin Foong Specialty and Applied Materials Co., Ltd. and the investees mentioned in Table 9 as well as the reviewed financial statements for the nine months ended September 30, 2018 of YFY Paradigm Investment Co., Ltd., YFY Venture Capital Investment Co., Ltd. and YFY Packaging Capital Corp., the financial statements of the remaining non-significant subsidiaries were not reviewed by the auditors.
- 2) China Color Printing Co., Ltd. and Union Paper Co., Ltd. were deemed subsidiaries because the Group had actual control over them even though the Group held less than 50% equity interest in each of the subsidiaries' voting shares; the Group disposed of its partial ownership of Shin Foong Specialty and Applied Materials Co., Ltd. and did not subscribe for additional new shares at its existing ownership percentage, which reduced its shareholding ratio to 49.6%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.
- 3) YFY Jupiter Singapore Pte. Ltd. was dissolved after liquidation in June 2017.

- 4) YFY Venture Capital Investment Co., Ltd. sold all of its ownership of Chung Hwa Pulp Corporation in February 2017.
- 5) Spectiv Brands, LLC and Yuen Foong Shop (HK) Limited were established in March 2017 and have been included in the consolidated financial statements since then.
- 6) Opal BPM Consulting Limited was established in April 2017 and has been included in the consolidated financial statements since then.
- 7) Mobius105 (HK) Ltd. was dissolved after liquidation in September 2017.
- 8) Arizon RFID Technology (Hong Kong) Co., Ltd. was established in October 2017 and has been included in the consolidated financial statements since then.
- 9) Jupiter Prestige Group Holdings Limited disposed of all of its ownership of Rimage Limited in October 2017, and since then Rimage Limited and its subsidiaries have been excluded from the consolidated financial statements.
- 10) Clemtel LLC and Winsong Packaging Investment Company Limited were established in January 2018 and have been included in the consolidated financial statements since then.
- 11) YFY Packaging (Ha Nam) Co., Ltd. was established in April 2018 and has been included in the consolidated financial statements since then.
- 12) YFY Cayman Co., Ltd. acquired 10.4% ownership of Willpower Industries Ltd. in June 2018, leading to an increase in ownership to 55.2% and a change in identity of the latter from associate to subsidiary, and Willpower Industries Ltd. and its subsidiaries have been included in the consolidated financial statements since then.
- 13) YFY Jupiter Indonesia, PT PMA was established in July 2018 and has been included in the consolidated financial statements since then.
- 14) To boost management performance, the Group carried out a restructuring of the organization, and sold all of the shares of Shenzhen Syntax Paper Co., Ltd. owned by Hwa Fong Paper (Hong Kong) to Guangdong Ding Feng Pulp & Paper Co., Ltd. in October 2018.
- 15) According to the resolution of the Company's board of the directors, YFY Paper Mfg. (Jiangyin) Co., Ltd. signed the land reserve agreement with Jiangyin Land Reserve Center and Jiangyin City People's Government Chengjiang Sub-district Office, with an expected amount of RMB369,829 thousand. As of September 30, 2018, the land reserve project has not been completed.

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

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2018	December 31, 2017	September 30, 2017
Chung Hwa Pulp Corporation	42.26%	42.26%	42.26%

The summarized financial information below represents amounts before intragroup eliminations:

Chung Hwa Pulp Corporation and subsidiaries

	September 30, 2018	December 31, 2017	September 30, 2017	
Current assets	\$ 13,569,055	\$ 12,832,812	\$ 12,533,073	
Non-current assets	17,336,595	17,333,938	17,518,340	
Current liabilities	(10,373,438)	(8,851,905)	(8,779,488)	
Non-current liabilities	<u>(2,468,817)</u>	<u>(3,219,365)</u>	<u>(3,384,985)</u>	
Equity	18,063,395	18,095,480	17,886,940	
Consolidated adjustments	<u>94,109</u>	<u>94,109</u>	<u>94,109</u>	
Adjusted equity	<u>\$ 18,157,504</u>	<u>\$ 18,189,589</u>	<u>\$ 17,981,049</u>	
Equity attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ 9,107,752	\$ 9,112,929	\$ 9,010,366	
Non-controlling interests of Chung Hwa Pulp Corporation	6,666,361	6,670,149	6,595,080	
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>2,383,391</u>	<u>2,406,511</u>	<u>2,375,603</u>	
	<u>\$ 18,157,504</u>	<u>\$ 18,189,589</u>	<u>\$ 17,981,049</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Operating revenue	<u>\$ 6,080,619</u>	<u>\$ 5,679,183</u>	<u>\$ 18,034,067</u>	<u>\$ 16,552,402</u>
Profit for the period	\$ 168,633	\$ 205,253	\$ 391,385	\$ 543,048
Other comprehensive income (loss) for the period	<u>(139,992)</u>	<u>46,079</u>	<u>89,304</u>	<u>(327,045)</u>
Total comprehensive income (loss) for the period	<u>\$ 28,641</u>	<u>\$ 251,332</u>	<u>\$ 480,689</u>	<u>\$ 216,003</u>
Profit attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ 101,126	\$ 100,431	\$ 202,776	\$ 271,185
Non-controlling interests of Chung Hwa Pulp Corporation	74,018	71,548	148,420	197,578
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>(6,511)</u>	<u>33,274</u>	<u>40,189</u>	<u>74,285</u>
	<u>\$ 168,633</u>	<u>\$ 205,253</u>	<u>\$ 391,385</u>	<u>\$ 543,048</u>

(Continued)

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Total comprehensive income (loss) attributable to:				
Owners of Chung Hwa Pulp Corporation	\$ 71,617	\$ 106,424	\$ 290,892	\$ 107,758
Non-controlling interests of Chung Hwa Pulp Corporation	52,419	75,937	212,917	78,012
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>(95,395)</u>	<u>68,971</u>	<u>(23,120)</u>	<u>30,233</u>
	<u>\$ 28,641</u>	<u>\$ 251,332</u>	<u>\$ 480,689</u>	<u>\$ 216,003</u>
				(Concluded)

	For the Nine Months Ended September 30	
	2018	2017
Net cash inflow (outflow) from:		
Operating activities	\$ 666,382	\$ 1,328,467
Investing activities	(1,360,653)	(1,621,207)
Financing activities	159,432	247,443
Effects of exchange rate changes	<u>(8,648)</u>	<u>(4,193)</u>
Net cash outflow	<u>\$ (543,487)</u>	<u>\$ (49,490)</u>
Dividends paid to non-controlling interests	<u>\$ 233,037</u>	<u>\$ 166,253</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2018	December 31, 2017	September 30, 2017
Material associates			
E Ink Holdings Inc.	\$ 4,761,349	\$ 4,680,947	\$ 4,656,626
Associates that are not individually material	<u>1,063,039</u>	<u>1,626,765</u>	<u>1,957,305</u>
	<u>\$ 5,824,388</u>	<u>\$ 6,307,712</u>	<u>\$ 6,613,931</u>

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

a. Material associates

	Proportion of Ownership and Voting Rights		
Name of Associate	September 30, 2018	December 31, 2017	September 30, 2017
E Ink Holdings Inc.	16.3%	16.4%	16.4%

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

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

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

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

	September 30, 2018	December 31, 2017	September 30, 2017
	<u>\$ 4,528,209</u>	<u>\$ 6,944,218</u>	<u>\$ 6,347,868</u>

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

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 18,493,179	\$ 17,747,740	\$ 18,363,303
Non-current assets	18,759,236	18,128,180	18,271,671
Current liabilities	(8,167,289)	(6,871,552)	(8,678,101)
Non-current liabilities	<u>(1,142,455)</u>	<u>(1,777,473)</u>	<u>(918,033)</u>
Equity	27,942,671	27,226,895	27,038,840
Non-controlling interests	<u>(368,204)</u>	<u>(294,397)</u>	<u>(292,365)</u>
	<u>\$ 27,574,467</u>	<u>\$ 26,932,498</u>	<u>\$ 26,746,475</u>
Proportion of the Group's ownership	16.3%	16.4%	16.4%
Equity attributable to the Group	\$ 4,507,889	\$ 4,427,487	\$ 4,403,166
Goodwill	<u>253,460</u>	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 4,761,349</u>	<u>\$ 4,680,947</u>	<u>\$ 4,656,626</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Operating revenue	\$ 3,966,055	\$ 4,790,750	\$ 10,475,545	\$ 11,698,721
Profit from continuing operations	\$ 848,059	\$ 1,216,082	\$ 1,796,869	\$ 2,476,538
Profit from discontinued operations	-	(48,099)	-	(333,827)
Net profit for the period	848,059	1,167,983	1,796,869	2,142,711
Other comprehensive income (loss)	73,205	32,440	85,428	(610,026)
Total comprehensive income for the period	\$ 921,264	\$ 1,200,423	\$ 1,882,297	\$ 1,532,685

b. Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
The Group's share of:				
Net profit (loss) for the period	\$ (415)	\$ 15,268	\$ 63,623	\$ 21,151
Other comprehensive loss	(19,768)	(58,558)	(46,178)	(178,792)
Total comprehensive income (loss) for the period	\$ (20,183)	\$ (43,290)	\$ 17,445	\$ (157,641)

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

The Group recognized impairment losses on investments accounted for using the equity method of \$9,545 thousand for the nine months ended September 30, 2017.

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2018	\$ 12,382,815	\$ 13,588,138	\$ 58,961,998	\$ 11,964,409	\$ 4,700,096	\$ 101,597,456
Additions	-	219,198	858,508	252,830	1,280,242	2,610,778
Disposals	-	(12,181)	(296,739)	(129,536)	-	(438,456)
Transferred from prepaid equipment	-	354	103,775	233,500	124,589	462,218
Transferred from construction	-	825,451	3,351,595	393,374	(4,570,420)	-
Acquisitions through business combinations	-	527,106	1,440,053	214,775	-	2,181,934
Effect of foreign currency exchange differences	-	(191,011)	(589,005)	(90,464)	(5,289)	(875,769)
Balance at September 30, 2018	\$ 12,382,815	\$ 14,957,055	\$ 63,830,185	\$ 12,838,888	\$ 1,529,218	\$ 105,538,161

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
Accumulated depreciation and impairment						
Balance at January 1, 2018	\$ 2,597	\$ 6,249,378	\$ 38,867,385	\$ 8,483,442	\$ -	\$ 53,602,802
Depreciation expense	-	360,711	1,942,486	563,067	-	2,866,264
Disposals	-	(6,408)	(217,302)	(124,553)	-	(348,263)
Acquisitions through business combinations	-	119,513	759,603	105,051	-	984,167
Effect of foreign currency exchange differences	-	(61,311)	(293,480)	(56,305)	-	(411,096)
Balance at September 30, 2018	<u>\$ 2,597</u>	<u>\$ 6,661,883</u>	<u>\$ 41,058,692</u>	<u>\$ 8,970,702</u>	<u>\$ -</u>	<u>\$ 56,693,874</u>
Carrying amounts at September 30, 2018	<u>\$ 12,380,218</u>	<u>\$ 8,295,172</u>	<u>\$ 22,771,493</u>	<u>\$ 3,868,186</u>	<u>\$ 1,529,218</u>	<u>\$ 48,844,287</u>
Cost						
Balance at January 1, 2017	\$ 12,348,790	\$ 13,031,044	\$ 58,084,485	\$ 11,578,936	\$ 2,532,539	\$ 97,575,794
Additions	-	149,911	540,565	202,028	1,379,483	2,271,987
Disposals	-	(6,542)	(211,263)	(88,973)	-	(306,778)
Effect of foreign currency exchange differences	-	(144,722)	(462,303)	(91,231)	(6,660)	(704,916)
Transferred from prepaid equipment	35,921	10,602	202,529	52,014	672,908	973,974
Transferred from construction	-	336,588	477,607	184,864	(999,059)	-
Balance at September 30, 2017	<u>\$ 12,384,711</u>	<u>\$ 13,376,881</u>	<u>\$ 58,631,620</u>	<u>\$ 11,837,638</u>	<u>\$ 3,579,211</u>	<u>\$ 99,810,061</u>
Accumulated depreciation and impairment						
Balance at January 1, 2017	\$ 2,597	\$ 5,873,779	\$ 36,951,746	\$ 7,981,077	\$ -	\$ 50,809,199
Depreciation expense	-	325,961	1,751,395	506,881	-	2,584,237
Disposals	-	(6,207)	(153,393)	(87,313)	-	(246,913)
Effect of foreign currency exchange differences	-	(34,828)	(175,595)	(44,857)	-	(255,280)
Balance at September 30, 2017	<u>\$ 2,597</u>	<u>\$ 6,158,705</u>	<u>\$ 38,374,153</u>	<u>\$ 8,355,788</u>	<u>\$ -</u>	<u>\$ 52,891,243</u>
Carrying amounts at September 30, 2017	<u>\$ 12,382,114</u>	<u>\$ 7,218,176</u>	<u>\$ 20,257,467</u>	<u>\$ 3,481,850</u>	<u>\$ 3,579,211</u>	<u>\$ 46,918,818</u>

(Concluded)

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

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

The non-cash investing activities of the Group for the nine months ended September 30, 2018 and 2017 are as follows:

	For the Nine Months Ended September 30	
	2018	2017
Acquisition of property, plant and equipment	\$ 2,610,778	\$ 2,271,987
Changes in prepaid equipment	160,560	751,541
Changes in payment of payables on equipment (accounted for as other payables)	<u>(144,296)</u>	<u>158,531</u>
	<u>\$ 2,627,042</u>	<u>\$ 3,182,059</u>

For the amounts of collateral pledged for bank borrowings, refer to Note 31.

19. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2018	\$ 2,888,485
Additions	8
Disposals	<u>(13,494)</u>
Balance at September 30, 2018	<u>\$ 2,874,999</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2018	\$ 176,778
Depreciation expense	2,826
Disposals	<u>(38)</u>
Balance at September 30, 2018	<u>\$ 179,566</u>
Carrying amounts at September 30, 2018	<u>\$ 2,695,433</u>
<u>Cost</u>	
Balance at January 1, 2017	\$ 2,921,498
Disposals	<u>(33,013)</u>
Balance at September 30, 2017	<u>\$ 2,888,485</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2017	\$ 173,068
Depreciation expense	<u>2,886</u>
Balance at September 30, 2017	<u>\$ 175,954</u>
Carrying amounts at September 30, 2017	<u>\$ 2,712,531</u>

The fair values of the investment properties owned by the Group were \$6,987,850 thousand, \$6,992,430 thousand and \$7,010,127 thousand as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively. The valuations were made by the Group using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$12,651 thousand, \$11,554 thousand, \$38,010 thousand and \$32,876 thousand for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, respectively.

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

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

20. BORROWINGS

a. Short-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Bank credit loans	\$ 15,393,500	\$ 11,380,364	\$ 13,043,836
Bank secured loans	<u>466,095</u>	<u>4,193</u>	<u>-</u>
	<u>\$ 15,859,595</u>	<u>\$ 11,384,557</u>	<u>\$ 13,043,836</u>

Short-term borrowings include bank credit and bank secured loans. As of September 30, 2018, December 31, 2017 and September 30, 2017, the interest rate intervals of bank credit loans were 0.91%-5.74% per annum, 0.8%-5.6% per annum and 0.91%-5.00% per annum, respectively. As of September 30, 2018 and December 31, 2017, the interest rate intervals of bank secured loans were 3.25%-4.69% per annum and 3.62% per annum, respectively.

b. Short-term bills payable

Short-term bills payable are commercial paper due within one year. Interest rate intervals on these bills payable were 0.91%-1.15% per annum, 0.91%-1.26% per annum and 0.94%-1.44% per annum as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively.

c. Long-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Syndicated loans	\$ 23,266,309	\$ 26,167,306	\$ 18,747,257
Long-term bank credit loans	4,975,000	5,534,000	5,170,000
Long-term bank secured loans	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
	28,691,309	32,151,306	24,367,257
Less: Current portion	<u>(1,042,000)</u>	<u>(187,300)</u>	<u>(198,000)</u>
	<u>\$ 27,649,309</u>	<u>\$ 31,964,006</u>	<u>\$ 24,169,257</u>

Long-term bank loans include secured, credit and syndicated loans. Secured and credit loans expire in December 2021 and have interest rate intervals of 0.95%-1.86% per annum, 0.99%-1.99% per annum and 0.99%-1.99% per annum as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively; syndicated loans expire in December 2022 and have interest rate intervals of 1.79%-3.8% per annum, 1.79%-3.03% per annum and 1.63%-2.7% per annum as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively.

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$20,617 thousand, \$24,153 thousand, \$64,503 thousand and \$74,230 thousand for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, respectively, and were calculated using the respective actuarially determined annual pension cost discount rates as of December 31, 2017 and 2016.

22. EQUITY

a. Ordinary shares

	September 30, 2018	December 31, 2017	September 30, 2017
Numbers of shares authorized (in thousands)	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Value of shares authorized	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,660,372</u>	<u>1,660,372</u>	<u>1,660,372</u>
Value of shares issued	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>	<u>\$ 16,603,715</u>

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

b. Capital surplus

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

c. Retained earnings and dividend policy

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

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

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

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

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

The appropriations of earnings for 2017 and 2016 which have been approved in the shareholders' meetings in June 21, 2018 and June 7, 2017, respectively, are as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Legal reserve	\$ 160,651	\$ 12,612		
Cash dividends	996,223	-	<u>\$ 0.6</u>	<u>\$ -</u>

d. Special reserve

	For the Nine Months Ended September 30	
	2018	2017
Beginning at January 1	\$ 4,030,039	\$ 4,031,432
Reversal:		
Disposal of property, plant and equipment	<u>(1,455)</u>	<u>-</u>
Balance at September 30	<u>\$ 4,028,584</u>	<u>\$ 4,031,432</u>

e. Other equity items

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Total
<u>2018</u>						
Balance at January 1 (IAS 39)	\$ (263,411)	\$ 1,964,407	\$ -	\$ (14,871)	\$ -	\$ 1,686,125
Effect of retroactive application	-	(1,964,407)	3,545,472	14,871	(14,871)	1,581,065
Balance at January 1, 2018 as restated	(263,411)	-	3,545,472	-	(14,871)	3,267,190
Exchange differences on translating foreign operations	(16,100)	-	-	-	-	(16,100)
Unrealized gain on financial assets at FVTOCI	-	-	1,412,279	-	-	1,412,279
Gain on hedging instruments	-	-	-	-	9,676	9,676
Share of associates accounted for using the equity method	(219)	-	(11,714)	-	-	(11,933)
Changes in associates accounted for using the equity method	-	-	(339)	-	-	(339)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	-	10,280	-	-	10,280
Balance at September 30 (IFRS 9)	<u>\$ (279,730)</u>	<u>\$ -</u>	<u>\$ 4,955,978</u>	<u>\$ -</u>	<u>\$ (5,195)</u>	<u>\$ 4,671,053</u>
<u>2017</u>						
Balance at January 1 (IAS 39)	\$ 798,656	\$ 1,744,884	\$ -	\$ (11,183)	\$ -	\$ 2,532,357
Exchange differences on translating foreign operations	(861,169)	-	-	-	-	(861,169)
Unrealized gain on available-for-sale financial assets	-	(709,071)	-	-	-	(709,071)
Cash flow hedges	-	-	-	(2,626)	-	(2,626)
Share of associates accounted for using the equity method	(101,190)	(176,190)	-	-	-	(277,380)
Balance at September 30 (IAS 39)	<u>\$ (163,703)</u>	<u>\$ 859,623</u>	<u>\$ -</u>	<u>\$ (13,809)</u>	<u>\$ -</u>	<u>\$ 682,111</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2018	2017
Balance at January 1 (IAS 39)	\$ 10,295,146	\$ 9,460,270
Adjustments on initial application	<u>43,400</u>	<u>-</u>
Balance at January 1, 2018 as restated	10,338,546	9,460,270
Attributable to non-controlling interests:		
Share of profit for the period	397,005	418,801
Share of other comprehensive income		
Effect of change in tax rate	3,882	-
Exchange differences on translating foreign operations	(37,069)	(82,953)
Unrealized loss on available-for-sale financial assets	-	(23,995)
Unrealized gain on financial assets at FVTOCI	102,406	-
Gain on fair value changes of cash flow hedges	-	1,952
Gain on hedging instruments	1,145	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(3,265)	(17,326)
Cash dividends	(481,966)	(393,985)
Adjustments relating to changes in the equity of associates accounted for using the equity method	921	915
Adjustments for the changes in equity of subsidiaries	13,826	507,822
Disposal of or acquisition of subsidiaries	135,146	145,373
Increase in non-controlling interests due to the acquisition of subsidiaries	<u>738,013</u>	<u>-</u>
Balance at September 30	<u>\$ 11,208,590</u>	<u>\$ 10,016,874</u>

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue from contracts with customers - revenue from the sale of goods	\$ 17,525,602	\$ 15,430,920	\$ 50,083,772	\$ 42,952,165
Other operating revenue	<u>2,463,801</u>	<u>2,035,205</u>	<u>6,760,964</u>	<u>5,854,393</u>
	<u>\$ 19,989,403</u>	<u>\$ 17,466,125</u>	<u>\$ 56,844,736</u>	<u>\$ 48,806,558</u>

a. Description of customer contracts

Revenue from merchandise sales mainly comes from sales of various types of paper and cardboard. When control over the ownership of goods has been transferred, revenues and receivables are recognized; advance receipts received before the merchandise has been transferred are recognized as contractual liabilities.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

b. Contract balances

	September 30, 2018
Notes receivable	\$ 3,372,807
Accounts receivable	\$ 11,903,662
Receivables from related parties	\$ 88,846
Contract liabilities - sale of goods (accounted for as other current liabilities)	\$ 512,050

24. NET PROFIT

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Interest on bank loans	\$ 261,935	\$ 274,485	\$ 766,499	\$ 731,636
Less: Capitalization amount of interest	<u>(171)</u>	<u>(11,796)</u>	<u>(5,811)</u>	<u>(32,157)</u>
	<u>\$ 261,764</u>	<u>\$ 262,689</u>	<u>\$ 760,688</u>	<u>\$ 699,479</u>

Information about capitalized interest is as follows:

	For the Nine Months Ended September 30	
	2018	2017
Capitalization rate	1.00%-1.62%	1.02%-1.56%

b. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Property, plant and equipment	\$ 964,218	\$ 875,141	\$ 2,866,264	\$ 2,584,237
Investment properties	942	956	2,826	2,886
Long-term prepayments for leases and other non-current assets	<u>38,598</u>	<u>33,396</u>	<u>117,743</u>	<u>89,077</u>
	<u>\$ 1,003,758</u>	<u>\$ 909,493</u>	<u>\$ 2,986,833</u>	<u>\$ 2,676,200</u>
An analysis of depreciation by function				
Operating costs	\$ 900,031	\$ 809,529	\$ 2,676,706	\$ 2,388,846
Operating expenses	<u>65,129</u>	<u>66,568</u>	<u>192,384</u>	<u>198,277</u>
	<u>\$ 965,160</u>	<u>\$ 876,097</u>	<u>\$ 2,869,090</u>	<u>\$ 2,587,123</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
An analysis of amortization by function				
Operating costs	\$ 11,904	\$ 15,811	\$ 34,249	\$ 44,972
Operating expenses	<u>26,694</u>	<u>17,585</u>	<u>83,494</u>	<u>44,105</u>
	<u>\$ 38,598</u>	<u>\$ 33,396</u>	<u>\$ 117,743</u>	<u>\$ 89,077</u>
				(Concluded)

c. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Post-employment benefits				
Defined contribution plans	\$ 44,891	\$ 42,357	\$ 132,900	\$ 127,446
Defined benefit plans	<u>20,617</u>	<u>24,153</u>	<u>64,503</u>	<u>74,230</u>
	65,508	66,510	197,403	201,676
Other employee benefits	<u>2,032,996</u>	<u>1,861,446</u>	<u>5,779,323</u>	<u>5,494,304</u>
Total employee benefits expense	<u>\$ 2,098,504</u>	<u>\$ 1,927,956</u>	<u>\$ 5,976,726</u>	<u>\$ 5,695,980</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 1,184,905	\$ 1,079,027	\$ 3,396,519	\$ 3,184,568
Operating expenses	<u>913,599</u>	<u>848,929</u>	<u>2,580,207</u>	<u>2,511,412</u>
	<u>\$ 2,098,504</u>	<u>\$ 1,927,956</u>	<u>\$ 5,976,726</u>	<u>\$ 5,695,980</u>

d. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three and nine months ended September 30, 2018 and 2017 are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2018	2017
Employees' compensation	0.07%	0.11%
Remuneration of directors	0.38%	0.43%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
	Cash	Cash	Cash	Cash
Employees' compensation	\$ 300	\$ 30	\$ 900	\$ 90
Remuneration of directors	\$ 1,750	\$ 1,750	\$ 5,250	\$ 5,250

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

The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of the directors on March 22, 2018 and March 16, 2017, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2017	2016
	Cash	Cash
Employees' compensation	\$ 1,758	\$ 92
Remuneration of directors	7,000	-

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Current tax				
In respect of the current period	\$ 219,554	\$ 130,853	\$ 731,832	\$ 372,199
Deferred tax				
In respect of the current period	33,177	20,281	41,314	72,271
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	(36,234)	-
Income tax expense	\$ 252,731	\$ 151,134	\$ 736,912	\$ 444,470

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

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

	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement on defined benefit plan	\$ -	\$ 24,297
Share of the other comprehensive income (loss) of associates	<u>-</u>	<u>331</u>
	<u>\$ -</u>	<u>\$ 24,628</u>

c. Income tax assessments

	<u>Final Approval Year</u>
The Company	2013
YFY Consumer Products Co., Ltd.	2013
Chung Hwa Pulp Corporation	2015
Hwa Fong Investments Co., Ltd.	2016
Effion Enertech Co., Ltd.	2016
YFY Packaging Inc.	2016
Shin Foong Specialty and Applied Materials Co., Ltd.	2015
China Color Printing Co., Ltd.	2015
YFY Capital Co., Ltd.	2016
Union Investment Co., Ltd.	2016
YFY Venture Capital Investment Co., Ltd.	2016
YFY Paradigm Investment Co., Ltd.	2015
Lotus Ecoscings & Engineering Co., Ltd.	2016
Yuen Yan Paper Container Co., Ltd.	2016
San Ying Enterprise Co., Ltd.	2016
Cupid InfoTech Co., Ltd.	2016
Ever Growing Agriculture Biotech Co., Ltd.	2016
Pek Crown Paper Co., Ltd.	2016
Yeon Technologies Co., Ltd.	2016
YFY Biotech Management Company	2016
Kuang Hwa Fertilizer Limited Company	2016
YFY Holding Management Co., Ltd.	2016
Livebricks Inc.	2016
Yuen Foong Shop Co., Ltd.	2015

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Basic earnings per share	\$ 0.48	\$ 0.64	\$ 0.81	\$ 0.92
Diluted earnings per share	\$ 0.48	\$ 0.64	\$ 0.81	\$ 0.92

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Profit for the period attributable to owners of the Company	\$ 793,267	\$ 1,067,770	\$ 1,340,395	\$ 1,522,194
Earnings used in the computation of diluted earnings per share	\$ 793,267	\$ 1,067,770	\$ 1,340,395	\$ 1,522,194

Number of Shares (In Thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,660,372	1,660,372	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:				
Employees' compensation	72	5	110	9
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,660,444	1,660,377	1,660,482	1,660,381

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

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

b. Consideration transferred

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

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

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

d. Non-controlling interests

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

- e. Gain on bargain purchases from the acquisition of subsidiaries (accounted for as other income)

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

- f. Net cash inflow on the acquisition of subsidiaries

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

- g. Impact of acquisitions on the Group's results

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations for the three and nine months ended September 30, 2018 would have been \$1,153,499 thousand and \$3,270,288 thousand, respectively, and the profit from continuing operations for the three and nine months ended September 30, 2018 would have been \$37,148 thousand and \$95,268 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2018, nor is it intended to be a projection of future results.

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Hybrid financial assets	\$ -	\$ 986,263	\$ -	\$ 986,263
Non-derivative financial assets	106,156	414,105	-	520,261
Derivative financial assets	<u>-</u>	<u>523,223</u>	<u>-</u>	<u>523,223</u>
	<u>\$ 106,156</u>	<u>\$ 1,923,591</u>	<u>\$ -</u>	<u>\$ 2,029,747</u>
Financial assets held for hedging (accounted for as other current assets)	<u>\$ -</u>	<u>\$ 722</u>	<u>\$ -</u>	<u>\$ 722</u>
Financial assets at FVTOCI				
Listed shares	\$ 14,507,375	\$ -	\$ -	\$ 14,507,375
Unlisted shares	<u>-</u>	<u>-</u>	<u>3,533,912</u>	<u>3,533,912</u>
	<u>\$ 14,507,375</u>	<u>\$ -</u>	<u>\$ 3,533,912</u>	<u>\$ 18,041,287</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 8,229</u>	<u>\$ -</u>	<u>\$ 8,229</u>
Financial liabilities held for hedging (accounted for as other current liabilities)	<u>\$ -</u>	<u>\$ 3,466</u>	<u>\$ -</u>	<u>\$ 3,466</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - held for trading				
Non-derivative financial assets held for trading	\$ 320,975	\$ -	\$ -	\$ 320,975
Derivative financial assets	<u>-</u>	<u>4,351</u>	<u>-</u>	<u>4,351</u>
	<u>\$ 320,975</u>	<u>\$ 4,351</u>	<u>\$ -</u>	<u>\$ 325,326</u>
Financial assets held for hedging (accounted for as other current assets)	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares	<u>\$ 13,244,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,244,667</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 278,060</u>	<u>\$ -</u>	<u>\$ 278,060</u>
Financial liabilities held for hedging (accounted for as other current liabilities)	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 292</u> (Concluded)

September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - held for trading				
Non-derivative financial assets held for trading	<u>\$ 393,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,230</u>
Derivative financial assets	<u>-</u>	<u>39,852</u>	<u>-</u>	<u>39,852</u>
	<u>\$ 393,230</u>	<u>\$ 39,852</u>	<u>\$ -</u>	<u>\$ 433,082</u>
Financial assets held for hedging (accounted for as other current assets)	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ 179</u>
Available-for-sale financial assets				
Listed shares	<u>\$ 12,142,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,142,202</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 178,623</u>	<u>\$ -</u>	<u>\$ 178,623</u>
Financial liabilities held for hedging (accounted for as other current liabilities)	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 123</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2018 and 2017.

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

For the nine months ended September 30, 2018

	Financial Assets at FVTOCI
Balance at January 1, 2018 (IAS 39)	\$ -
Impact of retroactive application of IFRS 9	<u>3,171,938</u>
Balance at January 1, 2018 as restated	3,171,938
Recognized in other comprehensive income (accounted for as unrealized gain (loss) on investments in equity instruments designated as at FVTOCI)	340,515
Purchases	58,782
Disposals	(223)
Return of capital upon investees' capital reduction	(46,122)
Effect of foreign currency exchange differences	<u>9,022</u>
Balance at September 30, 2018	<u>\$ 3,533,912</u>

For the nine months ended September 30, 2017

	Financial Assets at FVTPL
Balance at January 1, 2017	\$ 289,860
Total gains or losses	
In profit or loss	78,482
Redemption of bonds	<u>(368,342)</u>
Balance at September 30, 2017	<u>\$ -</u>

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

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

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

2018

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

2017

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Exchangeable bonds	The fair value of exchangeable bonds is determined using the applicable valuation model as well as the value analysis report provided by a financial institution, for which the significant unobservable inputs used are the net asset value of each share, interest rate fluctuation, risk-free rate, risk premium and the discount for liquidity. The fair value of exchangeable bonds would increase if the net asset value of each share increases, and the fair value would decrease if the interest rate, risk-free rate, risk premium or discount decreases.

c. Categories of financial instruments

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 2,029,747	\$ -	\$ -
Held for trading	-	325,326	433,082
Fair value through other comprehensive income (FVTOCI)	18,041,287	-	-
Derivative instruments in designated hedge accounting relationships	722	2	179
			(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
Loans and receivables (1)	\$ -	\$ 22,057,748	\$ 21,689,246
Available-for-sale financial assets (2)	-	14,739,810	13,686,800
Amortized cost (3)	20,984,111	-	-

Financial liabilities

Fair value through profit or loss (FVTPL)			
Held for trading	8,229	278,060	178,623
Derivative instruments in designated hedge accounting relationships	3,466	292	123
Amortized cost (4)	65,029,785	62,290,835	63,013,922
			(Concluded)

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market (including non-current), notes receivable, accounts receivable, receivables from related parties and other financial assets.
- 2) The balances include the carrying amount of available-for-sale financial assets carried at cost.
- 3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, receivables from related parties and other financial assets.
- 4) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, payables to related parties, other payables, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's main target of financial risk management was to manage the market risk related to operating activities (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group's financial performance, the Group was devoted to identify, 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 was governed by the Group's policies which were approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments or derivative financial instruments, for speculative purposes.

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

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

The Group was mainly exposed to the USD and the RMB.

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

	For the Nine Months Ended September 30	
	2018	2017
Impact to profit or loss at 5% variance		
USD	<u>\$ 60,732</u>	<u>\$ 216,124</u>
RMB	<u>\$ 144,790</u>	<u>\$ 139,374</u>

b) Interest rate risk

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

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

	September 30, 2018	December 31, 2017	September 30, 2017
Fair value interest rate risk			
Financial assets	\$ 2,674,694	\$ 4,144,016	\$ 3,546,945
Financial liabilities	8,593,384	8,021,936	15,033,073
Cash flow interest rate risk			
Financial assets	2,686,699	2,752,372	3,384,195
Financial liabilities	44,550,904	43,535,863	37,411,093

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole period. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's post-tax profit for the nine months ended September 30, 2018 and 2017 would have decreased/increased by \$62,796 thousand and \$52,954 thousand, respectively, which would have mainly been a result of the Group's exposure to cash flow interest rate risk due to borrowings at variable interest rates.

The Group's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate debt instruments.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds.

Sensitivity analysis

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

If equity prices had been 5% lower, post-tax profit for the nine months ended September 30, 2018 would have decreased by \$4,246 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the nine months ended September 30, 2018 would have decreased by \$580,295 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% lower, post-tax profit for the nine months ended September 30, 2017 would have decreased by \$16,319 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the nine months ended September 30, 2017 would have decreased by \$503,901 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity investments has not changed significantly.

2) Credit risk

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

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

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

3) Liquidity risk

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

As of September 30, 2018, December 31, 2017 and September 30, 2017, the amount of unused financing facilities were \$27,560,384 thousand, \$28,939,983 thousand and \$28,564,291 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Specifically, loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the financial institutions choosing to exercise their rights.

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

September 30, 2018

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Variable interest rate liabilities	\$ 17,495,034	\$ 28,544,633
Fixed interest rate liabilities	<u>8,597,000</u>	<u>-</u>
	<u>\$ 26,092,034</u>	<u>\$ 28,544,633</u>

December 31, 2017

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Variable interest rate liabilities	\$ 11,678,061	\$ 33,998,939
Fixed interest rate liabilities	<u>8,022,342</u>	<u>-</u>
	<u>\$ 19,700,403</u>	<u>\$ 33,998,939</u>

September 30, 2017

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Variable interest rate liabilities	\$ 13,204,433	\$ 25,337,796
Fixed interest rate liabilities	<u>15,037,529</u>	<u>-</u>
	<u>\$ 28,241,962</u>	<u>\$ 25,337,796</u>

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and categories of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Hsin-Yi Enterprise Co., Ltd.	Entity with key management personnel
YFY Paper Co., Ltd.	Entity with key management personnel (Note 1)
Taiwan Global BioFund Co., Ltd.	Associate
YFY Biotech Co., Ltd.	Associate
E Ink Holdings Inc.	Associate
Transcend Optonics (Yangzhou) Co., Ltd.	Associate
Willpower Industries Ltd.	Associate (Note 2)
Chengdu JieLianDa Warehousing Co., Ltd.	Associate
ChengDu YongJunYu Environmental Protection Packing Co., Ltd.	Associate
GST Packaging Limited	Associate
JLD Logistics Limited	Associate
YJY Packaging Limited	Associate
SinoPac Financial Holdings Company	Substantive related party
SinoPac Securities Corporation	Substantive related party
SinoPac Leasing Corporation	Substantive related party
Bank SinoPac	Substantive related party
Beautone Co., Ltd.	Substantive related party
Hsinex International Corp.	Substantive related party
Huashan Creative Co., Ltd.	Substantive related party
Fu Hwa Development Enterprise Co., Ltd.	Substantive related party
Hsin-Yi Foundation	Substantive related party
Hsin-Yi Foundation & Publishing Co., Ltd	Substantive related party
YFY BioTechnology (Kunshan) Co., Ltd.	Substantive related party
Lui Co., Ltd.	Substantive related party
Hsin Yuan Investment Co., Ltd.	Substantive related party
Ho-Jielai Co., Ltd.	Substantive related party
Chen Yu Co., Ltd.	Substantive related party
Ho Tien Co., Ltd.	Substantive related party
Shanghai Futai Food Co., Ltd.	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
YFY Co., Ltd.	Substantive related party

Note 1: YFY Paper Co., Ltd was a substantive related party from January 1, 2017 to June 21, 2018. Since June 21, 2018, it has served as a director of the Company, and subsequently changed its identity from a substantive related party to an entity with key management personnel.

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

b. Operating revenue

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Substantive related party	\$ 100,193	\$ 20,532	\$ 264,353	\$ 57,832
Associate	7,735	17,279	44,415	66,951
Entities with key management personnel	<u>14,433</u>	<u>87</u>	<u>15,860</u>	<u>2,035</u>
	<u>\$ 122,361</u>	<u>\$ 37,898</u>	<u>\$ 324,628</u>	<u>\$ 126,818</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Associate	\$ 73,287	\$ 40,382	\$ 169,550	\$ 100,327
Substantive related party	2,420	3,227	9,415	8,085
Entities with key management personnel	<u>244</u>	<u>-</u>	<u>244</u>	<u>-</u>
	<u>\$ 75,951</u>	<u>\$ 43,609</u>	<u>\$ 179,209</u>	<u>\$ 108,412</u>

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

d. Receivables from related parties

Line Item	Related Party Category	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable	Substantive related party			
	Beautone Co., Ltd.	\$ 72,530	\$ -	\$ -
	Others	<u>2,333</u>	<u>13,094</u>	<u>22,812</u>
		74,863	13,094	22,812
	Associate	5,253	8,962	8,178
	Entities with key management personnel	<u>8,730</u>	<u>122</u>	<u>629</u>
		<u>\$ 88,846</u>	<u>\$ 22,178</u>	<u>\$ 31,619</u>

The outstanding accounts receivable from related parties are unsecured and no impairment loss was recognized.

e. Payables to related parties

Line Item	Related Party Category	September 30, 2018	December 31, 2017	September 30, 2017
Accounts payable	Associate			
	YJY Packaging Ltd.	\$ 43,184	\$ 24,914	\$ 20,080
	JLD Logistics Ltd.	6,899	6,237	6,768
	Others	<u>1,340</u>	<u>1,019</u>	<u>903</u>
		51,423	32,170	27,751
	Entities with key management personnel	7,637	4,621	5,236
	Substantive related party	<u>3,402</u>	<u>4,230</u>	<u>4,872</u>
		<u>\$ 62,462</u>	<u>\$ 41,021</u>	<u>\$ 37,859</u>

The outstanding accounts payable to related parties are unsecured.

f. Others

Rental income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
YFY Paper Co., Ltd.	\$ 1,976	\$ 1,976	\$ 5,930	\$ 5,929
Substantive related party	1,829	1,470	5,622	3,541
Associate	303	77	905	231
Entities with key management personnel	<u>39</u>	<u>39</u>	<u>119</u>	<u>119</u>
	<u>\$ 4,147</u>	<u>\$ 3,562</u>	<u>\$ 12,576</u>	<u>\$ 9,820</u>

Rental expenses (accounted for as operating expenses)

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Entities with key management personnel	\$ 11,249	\$ 11,443	\$ 33,143	\$ 33,961
Substantive related party	1,378	1,584	4,169	4,754
Associate	<u>62</u>	<u>62</u>	<u>189</u>	<u>183</u>
	<u>\$ 12,689</u>	<u>\$ 13,089</u>	<u>\$ 37,501</u>	<u>\$ 38,898</u>

Depending on the agreements, rental income and expenses were received or paid on a monthly or half-yearly basis.

Others

In November 2015, the Group bought Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015, which amounted to \$400,000 thousand (accounted for as financial assets at FVTPL - non-current under IFRS 9 and accounted for as debt investments with no active market - non-current under IAS 39) and had an interest rate of 3.9%. As of December 31, 2017 and September 30, 2017, the interest receivables were \$2,418 thousand and \$14,300 thousand, respectively.

In August 2018, the Group purchased \$36,642 thousand worth of common shares of iXensor Co. Ltd. from Taiwan Global BioFund Co., Ltd. (accounted for as financial assets at fair value through other comprehensive income - non-current).

g. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Salaries and benefits	\$ 16,136	\$ 12,821	\$ 42,293	\$ 36,418
Bonuses and executive fees	<u>347</u>	<u>400</u>	<u>1,162</u>	<u>1,199</u>
	<u>\$ 16,483</u>	<u>\$ 13,221</u>	<u>\$ 43,455</u>	<u>\$ 37,617</u>

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

31. ASSETS PLEDGED OR MORTGAGED

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

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable (Note)	\$ 1,662,376	\$ 2,126,559	\$ 2,297,110
Property, plant and equipment	994,960	482,719	483,845
Pledged time deposits (accounted for as other financial assets and other non-current assets)	239,451	405,481	370,652
Land use rights (accounted for as long-term prepaid lease payments)	<u>121,055</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,017,842</u>	<u>\$ 3,014,759</u>	<u>\$ 3,151,607</u>

Note: In preparing the consolidated financial statements, amounts of \$292,861 thousand, \$1,803,313 thousand and \$1,869,337 thousand had been eliminated as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively.

32. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of September 30, 2018, December 31, 2017 and September 30, 2017, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$1,010,948 thousand, \$610,658 thousand and \$702,621 thousand, respectively.

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2018			
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,604,439	0.145 (RMB:USD)	\$ 7,119,361
RMB	285,526	4.437 (RMB:NTD)	1,266,964
USD	113,892	30.525 (USD:NTD)	3,476,566
USD	43,399	6.879 (USD:RMB)	1,324,754
<u>Financial liabilities</u>			
Monetary items			
USD	223,583	6.879 (USD:RMB)	6,824,871
RMB	438,014	0.145 (RMB:USD)	1,943,597
December 31, 2017			
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,270,123	0.153 (RMB:USD)	\$ 5,784,771
USD	55,698	29.76 (USD:NTD)	1,657,577
RMB	345,828	4.554 (RMB:NTD)	1,575,074
<u>Financial liabilities</u>			
Monetary items			
USD	284,931	6.53 (USD:RMB)	8,479,550
RMB	1,474,358	0.153 (RMB:USD)	6,714,959

September 30, 2017			
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 70,806	30.26 (USD:NTD)	\$ 2,142,595
RMB	334,056	4.559 (RMB:NTD)	1,523,083
RMB	1,149,823	0.151 (RMB:USD)	5,242,454
<u>Financial liabilities</u>			
Monetary items			
USD	313,562	6.637 (USD:RMB)	9,488,391
RMB	1,475,321	0.151 (RMB:USD)	6,726,515

For the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) were a loss of \$591,701 thousand, a gain of \$212,532 thousand, a loss of \$839,166 thousand and a gain of \$299,725 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities). (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 9) Information on investees. (Table 8)
- 10) Trading in derivative instruments. (Notes 7 and 11)

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

b. Information on investments in mainland China:

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

35. SEGMENT INFORMATION

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

	Business Unit of Pulp and Fine Paper	Business Unit of Container - Board and Packaging	Business Unit of Consumer Products	Other Segment	Total
<u>For the nine months ended September 30, 2018</u>					
Revenue from external customers	\$ 14,413,920	\$ 23,195,840	\$ 8,479,190	\$ 10,755,786	\$ 56,844,736
Revenue from other internal operating segments	<u>3,673,658</u>	<u>1,646,846</u>	<u>930,809</u>	<u>1,062,812</u>	<u>7,314,125</u>
Segment revenue	<u>\$ 18,087,578</u>	<u>\$ 24,842,686</u>	<u>\$ 9,409,999</u>	<u>\$ 11,818,598</u>	64,158,861
Eliminations					(7,314,125)
Consolidated revenue					<u>\$ 56,844,736</u>
Total profit or loss for reportable segments	<u>\$ 460,788</u>	<u>\$ 730,336</u>	<u>\$ 140,981</u>	<u>\$ 468,443</u>	\$ 1,800,548
Eliminations					<u>83,115</u>
Segment profit or loss					1,883,663
Finance costs					(760,688)
Net loss on fair value change of financial instruments at fair value through profit or loss					688,598
Net non-operating income and expenses					<u>662,739</u>
Profit before income tax					<u>\$ 2,474,312</u>

(Continued)

	Business Unit of Pulp and Fine Paper	Business Unit of Container - Board and Packaging	Business Unit of Consumer Products	Other Segment	Total
<u>For the nine months ended September 30, 2017</u>					
Revenue from external customers	\$ 13,214,301	\$ 18,430,712	\$ 7,631,096	\$ 9,530,449	\$ 48,806,558
Revenue from other internal operating segments	<u>3,427,570</u>	<u>1,491,773</u>	<u>664,548</u>	<u>1,095,327</u>	<u>6,679,218</u>
Segment revenue	<u>\$ 16,641,871</u>	<u>\$ 19,922,485</u>	<u>\$ 8,295,644</u>	<u>\$ 10,625,776</u>	55,485,776
Eliminations					<u>(6,679,218)</u>
Consolidated revenue					<u>\$ 48,806,558</u>
Total profit or loss for reportable segments	<u>\$ 549,637</u>	<u>\$ 995,097</u>	<u>\$ 26,496</u>	<u>\$ 537,662</u>	\$ 2,108,892
Eliminations					<u>85,552</u>
Segment profit or loss					2,194,444
Finance costs					(699,479)
Net loss on fair value change of financial instruments at fair value through profit or loss					(650,842)
Net non-operating income and expenses					<u>1,541,342</u>
Profit before income tax					<u>\$ 2,385,465</u>
					(Concluded)

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

a. Pulp and fine paper segment

Manufacture and sale of cardboard, paper and pulp.

b. Containerboard and packaging segment

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

c. Consumer product segment

Manufacture and sale of tissue paper, napkins and detergents.

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

Segment Total Assets

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Segment assets</u>			
Business unit of pulp and fine paper	\$ 31,040,756	\$ 30,285,625	\$ 30,179,622
Business unit of containerboard and packaging	45,062,965	42,251,244	42,238,763
Business unit of consumer products	8,939,658	9,275,974	9,038,257
Other segments	75,845,645	70,820,279	70,059,866
Adjustments and eliminations	<u>(41,371,348)</u>	<u>(40,047,349)</u>	<u>(39,353,580)</u>
Consolidated total assets	<u>\$ 119,517,676</u>	<u>\$ 112,585,773</u>	<u>\$ 112,162,928</u>

Geographical Information

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

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

	Revenue from External Customers		Non-current Assets		
	For the Nine Months Ended		September 30,	December 31,	September 30,
	2018	2017	2018	2017	2017
Taiwan	\$ 30,279,768	\$ 26,650,603	\$ 31,528,362	\$ 31,266,881	\$ 31,194,836
Mainland China	22,455,991	19,644,848	21,064,665	22,355,166	22,658,543
Others	<u>4,108,977</u>	<u>2,511,107</u>	<u>2,347,248</u>	<u>617,992</u>	<u>677,826</u>
	<u>\$ 56,844,736</u>	<u>\$ 48,806,558</u>	<u>\$ 54,940,275</u>	<u>\$ 54,240,039</u>	<u>\$ 54,531,205</u>

Information about Major Customers

No single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.

TABLE 1**YFY INC. AND SUBSIDIARIES**

**DIAGRAM OF INVESTMENT STRUCTURE
SEPTEMBER 30, 2018**

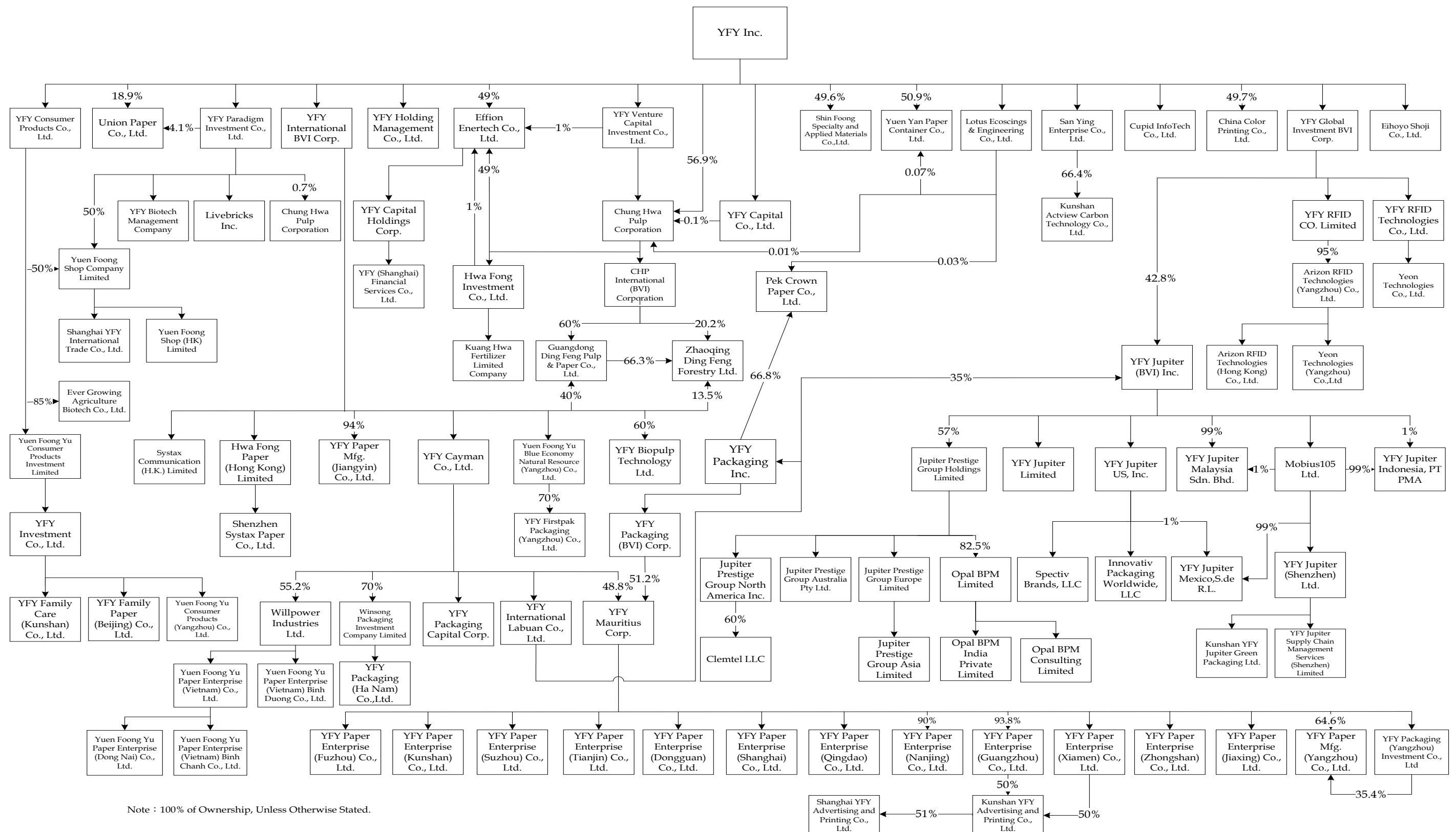


TABLE 2

YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
1	YFY Inc.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	\$ 539,100	\$ -	\$ -	-	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 13,292,470	\$ 13,292,470	Note 2
2	YFY Global Investment BVI Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	291,950	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	10,515,203	10,515,203	Note 2
		YFY International BVI Corp.	Other receivables from related parties	Yes	116,520	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	525,760	10,515,203	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	307,150	305,250	305,250	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	10,515,203	10,515,203	Note 2
		YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	1,792,241	1,751,181	1,734,392	1.50-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	10,515,203	10,515,203	Note 2
		YFY Jupiter Ltd.	Other receivables from related parties	Yes	92,145	91,575	91,575	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	525,760	2,103,041	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	460,254	241,148	241,148	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	2,103,041	2,103,041	Note 2
3	YFY International BVI Corp.	YFY Paper Enterprise (Tianjin) Co., Ltd.	Long-term receivables from related parties	Yes	31,289	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		Syntax Communication (H.K.) Limited	Other receivables from related parties	Yes	53,508	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Long-term receivables from related parties	Yes	62,579	59,460	59,460	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	73,554	69,887	69,887	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Long-term receivables from related parties	Yes	233,504	221,864	221,864	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	310,543	306,173	306,173	5.90	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	469,342	445,948	445,948	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	460,725	457,875	457,875	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	1,443,605	1,434,675	1,434,675	2.00-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	3,071,950	2,289,375	2,289,375	2.37-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	41,680,633	41,680,633	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	215,005	213,675	213,675	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	8,336,127	8,336,127	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	294,215	279,549	279,549	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	8,336,127	8,336,127	Note 2
		YFY Biopulp Technology Ltd.	Other receivables from related parties	Yes	3,072	3,053	3,053	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	8,336,127	8,336,127	Note 2
4	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	57,588	54,728	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	54,728	218,913	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	140,102	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	218,913	218,913	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	57,599	54,728	51,119	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	54,728	218,913	Note 2
5	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	275,944	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	939,636	939,636	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	953,049	939,636	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	939,636	939,636	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	988,930	939,636	258,844	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	939,636	939,636	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 988,930	\$ 939,636	\$ 306,097	3.25	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 939,636	\$ 939,636	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	46,126	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	187,927	187,927	Note 2
6	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	229,953	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,622,855	1,622,855	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,646,021	1,622,855	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,622,855	1,622,855	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,707,992	1,622,855	678,528	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,622,855	1,622,855	Note 2
7	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	29,201	28,790	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	28,790	115,161	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	30,301	28,790	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	28,790	115,161	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	30,301	28,790	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	28,790	115,161	Note 2
8	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	735,352	698,831	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	717,468	717,468	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	735,493	698,831	390,112	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	717,468	717,468	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	19,614	18,637	18,637	5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	143,494	143,494	Note 2
9	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,339,116	1,320,269	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,320,269	1,320,269	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,389,532	1,320,269	643,803	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,320,269	1,320,269	Note 2
10	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	1,376,858	1,308,477	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,574,714	1,574,714	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,377,121	1,308,477	613,532	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,574,714	1,574,714	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	280,204	266,237	266,237	5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	314,943	314,943	Note 2
11	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	328,054	311,702	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	311,702	311,702	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	316,152	311,702	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	311,702	311,702	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	328,054	311,702	11,384	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	311,702	311,702	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	46,126	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	62,340	62,340	Note 2
12	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	700,377	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	700,377	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	700,377	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	700,377	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	\$ 675,095	\$ 665,593	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 1,412,641	\$ 1,412,641	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,486,749	1,412,641	306,111	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,412,641	1,412,641	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	74,323	70,632	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	70,632	282,528	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	71,640	70,632	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	70,632	282,528	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	74,337	70,632	39,401	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	70,632	282,528	Note 2
13	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	424,839	403,662	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	403,662	403,662	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	409,424	403,662	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	403,662	403,662	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	424,839	403,662	38,116	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	403,662	403,662	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	50,739	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	80,732	80,732	Note 2
14	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	295,202	291,048	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	291,048	291,048	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	306,316	291,048	3,456	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	291,048	291,048	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	306,316	291,048	32,608	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	291,048	291,048	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	36,901	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	58,210	58,210	Note 2
15	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Family Paper (Beijing) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	\$ 700,511	\$ 665,593	\$ -	3.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 5,537,921	\$ 5,537,921	Note 2
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		Shenzhen Systax Paper Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	675,095	665,593	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	160	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	51,325	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	67,854	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	131,734	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		Kunshan YFY Advertising and Printing Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	373,375	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	431,380	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	498,851	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	291,422	276,896	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	276,896	1,107,584	Note 2
		Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	700,511	665,593	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	2,428	2,307	2,107	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,537,921	5,537,921	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	291,422	276,896	178,025	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	276,896	1,107,584	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	291,422	276,896	234,100	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	276,896	1,107,584	Note 2
16	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	284,609	238,605	63,717	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	238,605	238,605	Note 2
17	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	538,228	511,400	19,357	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	513,419	513,419	Note 2
		ChengDu YongJunYu Environmental Protection packing Co., Ltd.	Other receivables from related parties	Yes	2,125	2,019	2,019	12.00	Short-term financing	-	Financing for working capital requirements	-	-	-	102,684	102,684	-
18	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	199,353	189,416	1	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	189,416	189,416	Note 2
19	Shenzhen Systax Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	176,506	167,708	25,184	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	167,708	167,708	Note 2
20	YFY Cayman Co., Ltd.	YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	58,260	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	116,520	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Packaging (Ha Nam) Co., Ltd.	Other receivables from related parties	Yes	61,430	61,050	61,050	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,548,115	5,548,115	Note 2
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Long-term receivables from related parties	Yes	82,917	78,784	78,784	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	88,731	84,308	84,308	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Long-term receivables from related parties	Yes	128,427	122,025	122,025	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Long-term receivables from related parties	Yes	\$ 205,880	\$ 195,618	\$ 135,271	4.35	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 27,740,574	\$ 27,740,574	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	355,260	152,625	152,625	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	1,387,029	27,740,574	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Long-term receivables from related parties	Yes	172,092	163,514	163,514	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Long-term receivables from related parties	Yes	193,995	184,325	184,325	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Long-term receivables from related parties	Yes	213,889	203,228	203,228	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Long-term receivables from related parties	Yes	246,580	234,289	234,289	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Long-term receivables from related parties	Yes	469,342	445,948	445,948	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	873,304	829,773	829,773	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	3,858,221	3,467,936	3,467,936	3.00-4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	27,740,574	27,740,574	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	344,184	163,514	163,514	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	1,387,029	5,548,115	Note 2
21	YFY RFID Co. Limited	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	214,851	213,522	213,522	1.50-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	4,686,368	4,686,368	Note 2
22	Hwa Fong Paper (Hong Kong) Company Limited	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	3,686	3,663	3,663	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	184,024	184,024	Note 2
23	Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	513,160	487,581	483,262	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	487,581	1,950,324	Note 2
24	CHP International (BVI) Corporation	Zhaoqing Ding Feng Forestry Ltd.	Other receivables from related parties	Yes	368,580	366,300	366,300	1.77-2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,158,445	2,158,445	Note 2
		Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,013,595	1,007,325	1,007,325	1.77-2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,158,445	2,158,445	Note 2
		YFY International BVI Corp.	Other receivables from related parties	Yes	307,150	305,250	305,250	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	539,611	2,158,445	Note 2
25	Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	93,401	88,746	88,746	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,168,877	1,168,877	Note 2
26	Yuen Foong Yu Consumer Products Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	60,711	57,685	57,685	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	959,608	959,608	Note 2
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	532,475	488,102	266,237	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	959,608	959,608	Note 2
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	513,708	266,237	266,237	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	959,608	959,608	Note 2
27	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	921,450	915,750	915,750	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	5,324,835	5,324,835	Note 2
28	YFY Family Care (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	470,933	445,179	-	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	890,358	890,358	Note 2
29	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,027,598	976,376	12,703	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,952,752	1,952,752	Note 2
30	YFY Family Paper (Beijing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	498,967	474,096	148,320	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	948,192	948,192	Note 2
31	YFY Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,600,471	2,470,847	108,134	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	4,941,694	4,941,694	Note 2
32	YFY International Labuan Co., Ltd.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	98,288	97,680	97,680	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	14,530,192	14,530,190	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
33	YFY Mauritius Corp.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	\$ 307,150	\$ 305,250	\$ 305,250	3.00	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 14,591,444	\$ 14,591,444	Note 2
34	YFY Packaging (BVI) Corp.	YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	173,189	25,946	25,946	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	7,379,388	7,379,388	Note 2
35	YFY Packaging Capital Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	430,805	399,356	399,356	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	11,565,187	11,565,187	Note 2
		YFY International BVI Corp.	Other receivables from related parties	Yes	435,277	413,580	413,580	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	11,565,187	11,565,187	Note 2
		YFY International BVI Corp.	Long-term receivables from related parties	Yes	675,730	641,025	641,025	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	11,565,187	11,565,187	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	4,674,966	4,548,225	4,548,225	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	11,565,187	11,565,187	Note 2
36	YFY Capital Co., Ltd.	Yeon Technologies Co., Ltd.	Other receivables from related parties	Yes	35,000	35,000	30,000	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	136,624	136,624	Note 2
		Cupid InfoTech Co., Ltd.	Other receivables from related parties	Yes	50,000	50,000	50,000	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	136,624	136,624	Note 2
37	San Ying Enterprise Co., Ltd.	YFY Venture Capital Investment Co., Ltd.	Other receivables from related parties	Yes	50,000	50,000	50,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	50,712	50,712	Note 2
38	YFY Holding Management Co., Ltd.	YFY Packaging Inc.	Other receivables from related parties	Yes	40,000	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	99,751	99,751	Note 2
		YFY Venture Capital Investment Co., Ltd.	Other receivables from related parties	Yes	99,000	99,000	99,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	99,751	99,751	Note 2
39	Effion Enertech Co., Ltd.	Lotus Ecoscings & Engineering Co., Ltd.	Other receivables from related parties	Yes	80,000	70,000	70,000	1.25	Short-term financing	-	Financing for working capital requirements	-	-	-	271,684	271,684	Note 2
		YFY Venture Capital Investment Co., Ltd.	Other receivables from related parties	Yes	200,000	200,000	200,000	1.25	Short-term financing	-	Financing for working capital requirements	-	-	-	271,684	271,684	Note 2
40	Eihoyo Shoji Co., Ltd.	YFY International BVI Corp.	Other receivables from related parties	Yes	55,460	53,840	53,840	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	166,694	166,694	Note 2

- Note 1:
- a. In the provision of loans due to business dealings, total loans should not exceed 40% of the lender’s net equity for the prior year while individual loans should not exceed the total purchases and sales between the lender and the borrower for the prior year. In the provision of short-term loans, both individual and total loans each should not exceed 40% of the lender’s net equity for the prior year. To sum up, in the provision of business dealings and short-term financing, both aggregate loans and individual loans should not exceed 80% of the lender’s net equity for the prior year.
 - b. YFY Inc.’s wholly-owned foreign subsidiaries are not subject to the foregoing 40% and 80% limits when they provide financing to each other. For subsidiaries of YFY Inc., if the lending is for the borrower’s business purposes or for short-term financing, the amount of financing should not exceed twice of the lender’s net equity as of the end of the prior year.
 - c. For YFY Inc.’s other foreign subsidiaries that are not wholly-owned and are based in China, their individual contributions to a cash pool to be used for lending purposes should not exceed 10% of their respective net equities as of the end of the prior year.
 - d. For Guangdong Ding Feng Pulp & Paper Co., Ltd. and CHP International (BVI) Corporation, individual loans and total loans provided should not exceed 40% and 80% of the lender’s net equity, respectively.

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

(Concluded)

TABLE 3

YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
1	<u>Endorsement</u> YFY Inc.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a.	\$ 49,846,761	\$ 3,077,598	\$ 2,180,599	\$ 491,945	\$ -	5.94	\$ 66,462,348	Yes	No	Yes
2	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 b.	10,030,800	4,607,250	4,578,750	1,221,000	-	67.74	13,374,400	No	Yes	No
3	YFY Cayman Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a.	20,805,430	717,800	709,600	194,369	-	5.19	27,740,574	Yes	No	Yes
4	Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd. Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	2,433,564 2,433,564 2,433,564	153,575 399,295 1,044,310	152,625 396,825 1,037,850	79,787 152,625 811,257	- - -	8.88 23.08 60.37	3,244,752 3,244,752 3,244,752	Yes Yes Yes	No No No	No No No
5	YFY Jupiter (Shenzhen) Ltd.	YFY Jupiter Limited	Note 3 b.	385,064	61,430	61,050	-	-	21.34	513,417	No	No	No
6	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Jupiter Limited	Note 3 b.	142,064	61,430	61,050	-	-	44.79	189,415	No	No	No
1	<u>Credit line (Note 4)</u> YFY Inc.	Yeon Technologies Co., Ltd. San Ying Enterprise Co., Ltd. Eihoyo Shoji Co., Ltd. Lotus Ecoscings & Engineering Co., Ltd. YFY (Shanghai) Financial Services Co., Ltd. YFY Global Investment BVI Corp. YFY Paradigm Investment Co., Ltd. YFY Venture Capital Investment Co., Ltd. YFY Capital Co., Ltd. YFY International BVI Corp. YFY Jupiter Limited	Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a. Note 3 a.	49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761 49,846,761	40,000 50,000 84,000 230,000 553,235 767,875 1,670,000 1,920,000 2,700,000 4,024,808 329,990	- - - 230,000 405,014 763,125 1,670,000 1,920,000 2,450,000 3,805,796 132,000	- - - 102,000 181,929 268,620 979,000 734,000 1,930,000 480,551 61,050	- - - - - - - - - - -	- - - 0.63 1.10 2.08 4.55 5.23 6.67 10.37 0.36	66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348 66,462,348	No No No No No No No No No No No	No No No No No No No No No No No	No No No No No No No No No No No
2	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation Guangdong Ding Feng Pulp & Paper Co., Ltd.	Note 3 a. Note 3 a.	23,533,454 23,533,454	568,035 186,767	305,250 177,492	- -	- -	1.95 1.13	31,377,938 31,377,938	No No	No No	No No
3	Yuen Foong Yu Consumer Products Co., Ltd.	YFY Investment Co., Ltd. YFY Family Care (Kunshan) Co., Ltd. Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	3,598,529 3,598,529 3,598,529	291,300 291,300 436,950	- - -	- - -	- - -	- - -	4,798,039 4,798,039 4,798,039	No No No	No No No	No No No
4	YFY Packaging Inc.	YFY Paper Enterprise (Qingdao) Co., Ltd. YFY Paper Enterprise (Tianjin) Co., Ltd. YFY Cayman Co., Ltd.	Note 3 b. Note 3 b. Note 3 b.	10,030,800 10,030,800 10,030,800	93,401 93,401 2,248,338	88,746 88,746 1,892,550	- 65,982 708,180	- - -	1.31 1.31 28.00	13,374,400 13,374,400 13,374,400	No No No	No No No	No No No

Note 1: Represents 150% of the prior year's net equity of YFY Inc., Chung Hwa Pulp Corporation, YFY Packaging Inc., YFY Consumer Products Co., Ltd., YFY Cayman Co., Ltd., Willpower Industries Ltd., YFY Jupiter (Shenzhen) Ltd. and Kunshan YFY Jupiter Green Packaging Ltd.

Note 2: Represents 200% of the prior year's net equity of YFY Inc., Chung Hwa Pulp Corporation, YFY Packaging Inc., YFY Consumer Products Co., Ltd., YFY Cayman Co., Ltd., Willpower Industries Ltd., YFY Jupiter (Shenzhen) Ltd. and Kunshan YFY Jupiter Green Packaging Ltd.

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

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

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

TABLE 4

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2018

(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, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Common share</u> SinoPac Holdings Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	468,485,150	\$ 5,223,609	4.2	\$ 5,223,609	
	Boardtek Electronics Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	37,323,087	1,078,637	16.7	1,078,637	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	84,509,502	1,728,219	11.8	1,728,219	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,826,000	175,586	12.9	175,586	
	Synmax Biochemical Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,999,371	70,398	13.9	70,398	
	Universal Investment Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,562,000	33,435	2.9	33,435	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	4,200,000	56,950	14.0	56,950	
	Taiwan Cultural-Creative Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,600,000	22,125	8.0	22,125	
	Shin Taiwan Agricultural Machinery Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,612	30,705	5.5	30,705	
	China Trade and Development Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	377,634	1,357	0.6	1,357	
	Taiwan Stock Exchange Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,817,024	1,642,110	3.0	1,642,110	
	Sino Cell Technologies Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	995,313	6,653	10.0	6,653	
	Yuen Foong Paper Co., Ltd.	Note 3	Financial assets measured at fair value through other comprehensive income and loss - non-current	544,067	14,100	0.7	14,100	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,884,500	301,072	14.9	301,072	
	iXensor Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,970,000	36,642	4.1	36,642	
	Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	Note 2	Financial assets measured at fair value through profit or loss - non-current	-	165,644	-	165,644	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paper Enterprise (Xiamen) Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	1,084,761	\$ 15,065	-	\$ 15,065	
	<u>Share certificate</u> Xiamen Taiwanese Investment Association Management Company	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	-	RMB 70 thousand	-	RMB 70 thousand	
YFY Global Investment BVI Corp.	<u>Beneficiary certificates</u> WI Harper INC Fund VII LP	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	-	US\$ 226 thousand	0.2	US\$ 226 thousand	
	<u>Special share</u> Neutron Innovation (BVI) Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,692,250	US\$ 2,031 thousand	6.6	US\$ 2,031 thousand	
	Micareo Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	8,124,999	US\$ 5,308 thousand	19.9	US\$ 5,308 thousand	
	Omni-ID Corporation Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	4,225,531	US\$ 4,226 thousand	5.5	US\$ 4,226 thousand	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	21,891,143	244,086	0.2	244,086	
	Foongtone Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,884,415	56,122	11.8	56,122	
	Huashan Cultural-Creative Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	3,200,000	21,694	6.2	21,694	
China Color Printing Co., Ltd.	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	406,763	6,006	-	6,006	
	<u>Common shares</u> China Development Financial Holding Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - current	9,959,081	111,044	0.1	111,044	
	China Parcel Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	463,917	5,342	10.8	5,342	
YFY Capital Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	106,496,565	1,187,437	0.9	1,187,437	
	Advance Materials Corporation Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,542,258	8,575	1.3	8,575	
	Leadwell Machines Mfg. Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,090,000	25,277	3.4	25,277	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paradigm Investment Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	113,222,824	\$ 1,262,434	1.0	\$ 1,262,434	
	Shen's Art Printing Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - current	43,109	634	0.1	634	
	Medeon Biodesign, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - current	108,000	11,610	0.2	11,610	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	24,154,353	493,957	3.4	493,957	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,574,000	21,702	1.6	21,702	
	Locus Publishing Company	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,402,386	13,838	13.4	13,838	
	Huashan Cultural-Creative Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	6,893,333	46,732	13.3	46,732	
	Sino Cell Technologies Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	994,687	6,649	10.0	6,649	
	Foongtone Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	881,184	17,145	3.6	17,145	
	Taiwan Stock Exchange Corporation	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,440	114	-	114	
YFY Venture Capital Investment Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	105,793,320	1,179,596	0.9	1,179,596	
	Medeon Biodesign, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - current	185,000	19,887	0.4	19,887	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,265,000	25,869	0.2	25,869	
	Quan Yuan Investment Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	7,000,000	56,324	5.5	56,324	
	Taiwan Global BioFund Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,600,000	42,865	4.7	42,865	
	Ever Terminal Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	2,401,920	13,914	2.5	13,914	
	Echem Solutions Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	780,652	13,974	1.4	13,974	
	Overseas Investment & Development Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,000,000	7,810	1.1	7,810	
	Advance Materials Corporation Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,002	6	-	6	
	Hanmore Investment Corp.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,635,245	73,569	8.3	73,569	
	Somnics, Inc.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	485,000	11,591	1.6	11,591	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Packaging Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	216,042	\$ 3,000	-	\$ 3,000	
Cupid InfoTech Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	7,455,438	83,128	0.1	83,128	
Lotus Ecoscings & Engineering Co., Ltd.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	30,220,080	336,954	0.3	336,954	
	Boardtek Electronics Corporation	Note 1	Financial assets measured at fair value through other comprehensive income and loss - current	2,335,530	67,497	1.0	67,497	
	Fu Hwa Development Enterprise Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	1,050,000	14,237	3.5	14,237	
	Foongtone Technology Co., Ltd.	Note 1	Financial assets measured at fair value through other comprehensive income and loss - non-current	489,546	9,525	2.0	9,525	
Chung Hwa Pulp Corporation	<u>Common shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	99,809,327	1,112,874	0.9	1,112,874	
	NTU Innovation & Incubation Co., Ltd.	Note 1	Financial assets measured at fair value through profit or loss - non-current	800,000	-	6.3	-	
	Groundhog Technologies Inc.	-	Financial assets measured at fair value through profit or loss - non-current	275,000	-	1.0	-	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	15,315,356	313,199	2.1	313,199	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	20,884,500	301,072	14.9	301,072	
	<u>Subordinated debt</u> Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	175,994	-	175,994	
Hwa Fong Investment Co., Ltd.	<u>Common shares</u> Caihui Technology Co., Ltd.	-	Financial assets measured at fair value through profit or loss - non-current	150,000	-	0.2	-	
	SinoPac Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - current	2,394,960	26,704	-	26,704	
YFY Holding Management Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	2,126,389	29,531	-	29,531	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Union Paper Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	918,784	\$ 12,760	-	\$ 12,760	
	<u>Subordinated debt</u> Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	20,702	-	20,702	
Eihoyo Shoji Co., Ltd.	<u>Common shares</u> Beautone Japan Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	440	JPY 53,789 thousand	36.7	JPY 53,789 thousand	
Effion Enertech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	217,925	3,027	-	3,027	
	<u>Subordinated debt</u> Bank SinoPac's 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015	-	Financial assets measured at fair value through profit or loss - non-current	-	51,764	-	51,764	
Kuang Hwa Fertilizer Limited Company	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	312,798	4,344	-	4,344	
San Ying Enterprise Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	360,028	5,000	-	5,000	
Kunshan Actview Carbon Technology Co., Ltd.	<u>Structured deposit</u> Fubon Bank (China) Financial Product No. 18010393	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,268 thousand	-	RMB 2,268 thousand	
	Fubon Bank (China) Financial Product No. 18040370	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,962 thousand	-	RMB 2,962 thousand	
	Fubon Bank (China) Financial Product No. 18070386	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,426 thousand	-	RMB 2,426 thousand	
YFY Jupiter (Shenzhen) Ltd.	<u>Structured deposit</u> Fubon Bank (China) Financial Product No. 18090204	-	Financial assets measured at fair value through profit or loss - current	-	RMB 4,008 thousand	-	RMB 4,008 thousand	
	Fubon Bank (China) Financial Product No. 18090463	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,001 thousand	-	RMB 2,001 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kunshan YFY Jupiter Green Packaging Ltd.	<u>Structured deposit</u>							
	Fubon Bank (China) Financial Product No. 18070141	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,020 thousand	-	RMB 2,020 thousand	
	Fubon Bank (China) Financial Product No. 18070387	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,623 thousand	-	RMB 2,623 thousand	
	Fubon Bank (China) Financial Product No. 18080816	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,005 thousand	-	RMB 2,005 thousand	
	Fubon Bank (China) Financial Product No. 18080817	-	Financial assets measured at fair value through profit or loss - current	-	RMB 4,513 thousand	-	RMB 4,513 thousand	
	Fubon Bank (China) Financial Product No. 18090075	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,005 thousand	-	RMB 2,005 thousand	
	Fubon Bank (China) Financial Product No. 18090460	-	Financial assets measured at fair value through profit or loss - current	-	RMB 2,002 thousand	-	RMB 2,002 thousand	
	Fubon Bank (China) Financial Product No. 18090572	-	Financial assets measured at fair value through profit or loss - current	-	RMB 5,002 thousand	-	RMB 5,002 thousand	
Arizon RFID Technologies (Yangzhou) Co., Ltd.	<u>Structured deposit</u>							
	Bank of Communications Financial Product No. 111000385218		Financial assets measured at fair value through profit or loss - current		RMB 40,121 thousand	-	RMB 40,121 thousand	
	Bank of Communications Financial Product No. 114600407399	-	Financial assets measured at fair value through profit or loss - current	-	RMB 30,077 thousand	-	RMB 30,077 thousand	
	Bank of Communications Financial Product No. 151100683240	-	Financial assets measured at fair value through profit or loss - current	-	RMB 15,032 thousand	-	RMB 15,032 thousand	
	Bank of Communications Financial Product No. 102700277607	-	Financial assets measured at fair value through profit or loss - current		RMB 48,040 thousand	-	RMB 48,040 thousand	
	Bank of Communications Financial Product No. 093600148442	-	Financial assets measured at fair value through profit or loss - current	-	RMB 45,025 thousand	-	RMB 45,025 thousand	
	Bank of Communications Financial Product No. 151000746577	-	Financial assets measured at fair value through profit or loss - current		RMB 10,000 thousand	-	RMB 10,000 thousand	
Arizon RFID Technologies (Hong Kong) Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	1,153,432	US\$ 525 thousand	-	US\$ 525 thousand	
Yeon Technologies Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	100,986	1,402	-	1,402	
Yuen Foong Shop Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets measured at fair value through profit or loss - current	720,259	10,003	-	10,003	

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

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

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

(Concluded)

TABLE 5

YFY INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments (Note 4)	Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 3)		Number of Shares	Amount	
YFY Packaging Inc.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	Note 1 a.	-	-	722,288	\$ 10,000	153,548,564	\$ 1,920,000	154,054,810	\$ 1,927,229	\$ 1,927,000	\$ 229	\$ -	216,042	\$ 3,000	-
	Yuanta Wan Tai Money Market Fund	Note 1 a.	-	-	-	-	75,530,658	1,625,000	75,530,658	1,625,141	1,625,000	141	-	-	-	-
	<u>Common shares</u> YFY Packaging (BVI) Corp.	Note 1 c.	Note 2	Subsidiary	150,050,000	3,597,225	15,000,000	444,075	-	-	-	-	(296,869)	165,050,000	3,744,431	Note 6
Chung Hwa Pulp Corporation	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	Note 1 a.	-	-	1,588,964	22,000	25,964,261	360,000	27,553,225	382,016	382,000	16	-	-	-	-
YFY Capital Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	Note 1 a.	-	-	-	-	64,361,315	893,000	64,361,315	893,111	893,000	111	-	-	-	-
	<u>Common shares</u> SinoPac Holdings Co., Ltd.	Note 1 b.	-	-	28,481,679	275,418	78,014,886 (Note 5)	786,963	-	-	-	-	125,056	106,496,565	1,187,437	-
YFY Global Investment BVI Corp.	<u>Common shares</u> SinoPac Holdings Co., Ltd.	Note 1 b.	-	-	75,925,719	US\$ 24,671 thousand	-	-	75,925,719	US\$ 25,500 thousand	US\$ 27,685 thousand	US\$ (2,185) thousand	US\$ 3,014 thousand	-	-	-
YFY Packaging (BVI) Corp.	<u>Common shares</u> YFY Mauritius Corp.	Note 1 c.	Note 2	Same ultimate parent company	145,000,000	US\$ 114,565 thousand	20,000,000	US\$ 20,000 thousand	-	-	-	-	US\$ (13,235) thousand	165,000,000	US\$ 121,330 thousand	Note 6
YFY Mauritius Corp.	<u>Shares certificate</u> YFY Packaging (Yangzhou) Investment Co., Ltd.	Note 1 c.	Note 2	Subsidiary	-	US\$ 24,361 thousand	-	US\$ 20,000 thousand	-	-	-	-	US\$ (20,154) thousand	-	US\$ 24,207 thousand	Note 6
YFY Packaging (Yangzhou) Investment Co., Ltd.	<u>Shares certificate</u> YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 c.	Note 2	Same ultimate parent company	-	RMB 185,224 thousand	-	RMB 127,358 thousand	-	-	-	-	RMB (99,620) thousand	-	RMB 212,962 thousand	Note 6

Note 1: Accounted for as follows:

- a. Accounted for as financial assets at fair value through profit or loss - current.
- b. Accounted for as financial assets at fair value through other comprehensive income - current.
- c. Accounted for as investments accounted for using the equity method.

Note 2: The Group's subscription of ordinary shares of investees is in cash.

Note 3: Includes gain (loss) on the fair value change of financial instruments at FVTPL and unrealized gain (loss) on financial instruments at FVTOCI transferred to retained earnings.

Note 4: Includes exchange differences on translating foreign operations, share of profit of associates and unrealized gain (loss) on financial instruments at FVTOCI.

Note 5: Purchase of 75,726,979 shares and receipt of 2,088,167 shares in share dividends.

Note 6: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 6

YFY INC. 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, 2018
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note s/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b.	Sales	\$ 503,675	10	In agreed terms	\$ -	-	\$ 81,156	3	\$ -	Note 2
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 b.	Sales	484,487	10	In agreed terms	-	-	53,128	2	-	Note 2
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 b.	Sales	323,683	7	In agreed terms	-	-	26,797	1	-	Note 2
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b.	Sales	151,241	3	In agreed terms	-	-	57,802	2	-	Note 2
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 b.	Sales	235,385	5	In agreed terms	-	-	33,366	1	-	Note 2
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 b.	Sales	232,402	5	In agreed terms	-	-	23,730	1	-	Note 2
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 b.	Sales	275,766	6	In agreed terms	-	-	44,108	1	-	Note 2
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b.	Sales	2,225,788	46	In agreed terms	-	-	2,131,594	71	-	Note 2
	YFY Paper Enterprise.(Shanghai) Co., Ltd.	Note 1 b.	Sales	132,612	3	In agreed terms	-	-	19,827	1	-	Note 2
	YFY Paper Enterprise.(Nanjing) Co., Ltd.	Note 1 b.	Sales	106,809	2	In agreed terms	-	-	10,702	-	-	Note 2
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a.	Sales	573,430	6	3 months after transaction month	-	-	147,284	7	744	Note 2
	Chung Hwa Pulp Corporation	Note 1 b.	Sales	1,392,444	16	2 months after transaction month	-	-	333,464	15	6,154	Note 2
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b.	Sales	103,476	1	In agreed terms	-	-	41,873	2	-	Note 2
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 1 b.	Sales	160,218	2	In agreed terms	-	-	129,859	6	-	Note 2
Chung Hwa Pulp Corporation	YFY Capital Co., Ltd.	Note 1 b.	Sales	762,853	5	Half month after transaction month	-	-	51,236	2	-	Note 2
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b.	Sales	620,236	4	2 months after transaction month	-	-	218,252	7	-	Note 2
	Shenzhen Systax Paper Co., Ltd.	Note 1 b.	Sales	699,172	4	5 months after transaction month	-	-	511,522	17	-	Note 2
	Union Paper Co., Ltd.	Note 1 b.	Sales	903,421	6	1 month after transaction month	-	-	62,251	2	(564)	Note 2
	YFY Packaging Inc.	Note 1 b.	Sales	274,794	2	2 months after transaction month	-	-	90,437	3	-	Note 2
	Beautone Co., Ltd.	Note 1 c.	Sales	220,487	1	1 month after transaction month	-	-	72,210	2	-	-
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Note 1 a.	Sales	463,171	7	In agreed terms	-	-	91,850	5	-	Note 2
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a.	Sales	1,544,714	23	In agreed terms	-	-	707,503	42	-	Note 2
	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Note 1 b.	Sales	170,269	3	In agreed terms	-	-	9,099	1	-	Note 2
	YFY Family Paper (Beijing) Co., Ltd.	Note 1 a.	Sales	129,494	2	In agreed terms	-	-	80,420	5	-	Note 2
YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	Note 1 b.	Sales	332,116	61	In agreed terms	-	-	60,892	22	-	Note 2
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b.	Sales	219,982	100	In agreed terms	-	-	75,300	100	4,273	Note 2
Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Note 1 b.	Sales	190,785	71	In agreed terms	-	-	186,844	92	17	Note 2
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	974,676	100	In agreed terms	-	-	118,943	100	(3,531)	Note 2
YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	543,672	100	In agreed terms	-	-	223	100	(577)	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	1,899,212	94	In agreed terms	-	-	239,147	92	-	Note 2
	YFY Family Care (Kunshan) Co., Ltd.	Note 1 b.	Sales	112,822	6	In agreed terms	-	-	6,334	2	-	Note 2
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a.	Sales	749,676	26	In agreed terms	-	-	190,166	13	1,089	Note 2

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note s/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd. YFY Family Paper (Beijing) Co., Ltd.	Note 1 b.	Sales	\$ 915,489	42	2 months after transaction month	\$ -	-	\$ 134,372	23	\$ -	Note 2
		Note 1 b.	Sales	106,815	5	1 month after transaction month	-	-	20,110	3	-	Note 2
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b.	Sales	425,469	5	In agreed terms	-	-	48,684	1	(3,169)	Note 2
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b.	Sales	460,880	5	In agreed terms	-	-	68,574	2	(4,006)	Note 2
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b.	Sales	466,247	5	In agreed terms	-	-	93,405	2	(5,647)	Note 2
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Note 1 b.	Sales	402,273	4	In agreed terms	-	-	54,351	1	(4,513)	Note 2
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Note 1 b.	Sales	276,956	3	In agreed terms	-	-	69,946	2	(3,908)	Note 2
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Note 1 b.	Sales	197,526	2	In agreed terms	-	-	36,264	1	(4,407)	Note 2
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Note 1 b.	Sales	218,379	2	In agreed terms	-	-	45,958	1	(2,769)	Note 2
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 b.	Sales	105,280	1	In agreed terms	-	-	9,971	-	(635)	Note 2
	YFY Paper Enterprise (Qingdao) Co., Ltd.	Note 1 b.	Sales	124,984	1	In agreed terms	-	-	17,669	-	(504)	Note 2
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Note 1 a.	Sales	111,397	6	In agreed terms	-	-	47,635	12	-	Note 2
Union Paper Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b.	Sales	157,928	9	In agreed terms	-	-	17,747	6	-	Note 2
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b.	Sales	219,390	8	4 months after transaction month	-	-	128,347	27	-	Note 2
Eihoyo Shoji Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b.	Sales	382,461	88	In agreed terms	-	-	-	-	-	Note 2

Note 1: The relationships are as follows:

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

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

(Concluded)

TABLE 7**YFY INC. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****SEPTEMBER 30, 2018****(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		
YFY Packaging Inc.	Chung Hwa Pulp Corporation	Same ultimate parent company	\$ 333,464	5.68	\$ -	-	\$ 172,148	\$ -
	Pek Crown Paper Co., Ltd.	Subsidiary	147,284	6.63	-	-	76,217	-
	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary	129,859	3.29	-	-	30,123	-
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	707,503	3.27	-	-	495,466	-
YFY (Shanghai) Financial Services Co., Ltd.	YFY Firstpak Packaging (Yangzhou) Co., Ltd.	Same ultimate parent company	119,305	-	-	-	-	-
Chung Hwa Pulp Corporation	Shenzhen Systax Paper Co., Ltd.	Same ultimate parent company	511,522	1.77	-	-	43,291	-
	Yuen Foong Yu Consumer Products Co., Ltd.	Same ultimate parent company	218,252	3.46	-	-	102,126	-
YFY International BVI Corp.	YFY Investment Co., Ltd.	Same ultimate parent company	1,030,781	-	-	-	46,958	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Same ultimate parent company	2,131,594	1.21	-	-	1,023,591	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	239,147	10.73	-	-	239,147	-
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	118,943	9.67	-	-	112,766	-
Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Parent company	186,844	1.25	-	-	2,950	-
Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Same ultimate parent company	134,372	7.82	-	-	-	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	190,166	5.95	-	-	72,552	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Same ultimate parent company	128,347	2.43	-	-	21,366	-

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

TABLE 8

YFY INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
YFY Inc.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp	\$ 5,715,988	\$ 5,715,988	627,827,088	56.9	\$ 8,980,274	\$ 351,196	\$ 200,540	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	1,361,555	1,361,555	133,472,904	11.8	3,265,385	1,742,433	206,638	-
	YFY International BVI Corp.	British Virgin Islands	Investment and holding	18,124,434	18,124,434	580,098,758	100.0	20,723,752	306,268	300,114	Notes 1 and 3
	YFY Global Investment BVI Corp.	British Virgin Islands	Investment and holding	2,153,335	2,153,335	79,000,000	100.0	5,469,449	287,136	287,136	Notes 1 and 3
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Production and sale of high quality paper and paper - related merchandise	1,600,000	1,600,000	227,299,406	100.0	2,416,681	78,470	78,470	Notes 1 and 3
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Production and sale of SBR (styrene butadiene rubber) latex	73,020	73,020	51,914,248	49.6	1,591,523	339,304	168,571	Notes 1 and 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	310,125	310,125	31,012,500	23.0	639,496	145,758	33,484	-
	China Color Printing Co., Ltd.	Taipei, Taiwan	Design and printing of magazines, posters and books	190,068	190,068	32,896,330	49.7	456,624	15,104	7,500	Notes 1 and 3
	YFY Venture Capital Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	200,000	200,000	59,496,600	100.0	1,129,786	93,162	93,162	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	317,063	5,084	4,000	Notes 1 and 3
	YFY Capital Co., Ltd.	Taipei, Taiwan	Sale of paper and paper-related merchandise	189,759	189,759	26,840,000	100.0	486,125	39,158	39,158	Notes 1 and 3
	YFY Holding Management Co., Ltd.	Taipei, Taiwan	Consulting	250,000	250,000	25,000,000	100.0	263,865	14,520	14,520	Notes 1 and 3
	Union Paper Co., Ltd.	Yunlin, Taiwan	Manufacture and sale of paper	200,700	200,700	19,584,000	18.9	228,620	(5,240)	(991)	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	231,357	231,357	80,012,500	100.0	1,428,695	57,107	57,107	Notes 1 and 3
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construction of water processing and environmental facilities	100,003	100,003	12,600,000	100.0	138,366	12,408	12,408	Notes 1 and 3
	Lotus Ecoscings & Engineering Co., Ltd.	Taipei, Taiwan	Construction of sewage treatment plants and incinerators	152,944	152,944	26,914,000	100.0	358,969	17,040	17,040	Notes 1 and 3
	Eihoyo Shoji Co., Ltd.	Japan	Trade of paper, chemical material and machinery	2,099	2,099	200	100.0	93,384	5,641	5,641	Notes 1 and 3
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	62,462	62,462	6,178,500	50.9	70,463	4,849	2,471	Notes 1 and 3
	Cupid InfoTech Co., Ltd.	Taipei, Taiwan	1. Provides services in information software and information processing. 2. Wholesale of information software and electric appliances.	10,000	10,000	2,857,000	100.0	59,874	5,242	5,242	Notes 1 and 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture and wholesale of chemical material. 3. Medicine testing.	12,260	12,260	1,225,956	19.4	13,290	(3,147)	(609)	-
YFY International BVI Corp.	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding	US\$ 391,850 thousand	US\$ 391,850 thousand	339,918,142	100.0	US\$ 448,012 thousand	US\$ 4,576 thousand	US\$ 4,576 thousand	Notes 1 and 3
	Hwa Fong Paper (Hong Kong) Company Limited	Hong Kong, China	Sale and print of paper merchandise	US\$ 13,520 thousand	US\$ 13,520 thousand	116,000,000	100.0	US\$ 3,479 thousand	US\$ 641 thousand	US\$ 641 thousand	Notes 1 and 3
	Syntax Communication (H.K.) Limited	Hong Kong, China	Sale and print of paper merchandise	US\$ 6,388 thousand	US\$ 4,646 thousand	34,000,000	100.0	US\$ 467 thousand	US\$ 129 thousand	US\$ 129 thousand	Notes 1 and 3
	YFY Biopulp Technology Limited	British Virgin Islands	Investment and holding	US\$ 90 thousand	US\$ 90 thousand	90,000	60.0	-	US\$ (6) thousand	US\$ (3) thousand	Notes 1, 2 and 3
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Malaysia	Investment and holding	US\$ 165,901 thousand	US\$ 165,901 thousand	165,901,099	100.0	US\$ 233,847 thousand	US\$ 6,854 thousand	US\$ 6,804 thousand	Notes 1 and 3
	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 157,502 thousand	US\$ 157,502 thousand	157,501,731	48.8	US\$ 115,816 thousand	US\$ (9,356) thousand	US\$ (4,553) thousand	Notes 1 and 3
	Willpower Industries Ltd.	British Virgin Islands	Sale of various paper products	US\$ 16,338 thousand	US\$ 10,898 thousand	8,550,000	55.2	US\$ 31,067 thousand	US\$ 1,365 thousand	US\$ 753 thousand	Notes 1 and 3
	YFY Packaging Capital Corp.	British Virgin Islands	Investment and holding	US\$ 200,000 thousand	US\$ 200,000 thousand	200,000,000	100.0	US\$ 198,874 thousand	US\$ (5,524) thousand	US\$ (5,524) thousand	Notes 1 and 3
	Winsong Packaging Investment Company Limited	Hong Kong, China	Investment and holding	US\$ 9,520 thousand	-	9,520,000	70.0	US\$ 8,623 thousand	US\$ (85) thousand	US\$ (59) thousand	Notes 1 and 3
	Winsong Packaging Investment Company Limited	Vietnam	Manufacture and sale of paper and cardboard	US\$ 10,052 thousand	-	10,051,500	100.0	US\$ 8,768 thousand	US\$ (86) thousand	US\$ (86) thousand	Notes 1 and 3
Willpower Industries Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 10,500 thousand	-	10,500,000	100.0	US\$ 9,558 thousand	US\$ 163 thousand	US\$ 163 thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 5,100 thousand	-	5,100,000	100.0	US\$ 40,888 thousand	US\$ 1,627 thousand	US\$ 1,627 thousand	Notes 1 and 3
	Perpetual Prosperity Printing Technology Co., Ltd.	British Virgin Islands	Sale of various paper products	US\$ 4,500 thousand	-	4,500,000	45.0	US\$ 4,487 thousand	US\$ (16) thousand	US\$ (7) thousand	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Yuen Foong Yu Paper Enterprise (Vietnam) Binh Chanh Co., Ltd.	Vietnam	Manufacture and sale of cardboard	US\$ 1,200 thousand	-	1,200,000	100.0	US\$ 1,814 thousand	US\$ (10) thousand	US\$ (10) thousand	Notes 1 and 3
	Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Vietnam	Manufacture and sale of paper and cardboard	US\$ 6,285 thousand	-	10,000,000	100.0	US\$ 22,814 thousand	US\$ 1,183 thousand	US\$ 1,183 thousand	Notes 1 and 3
YFY International Labuan Co., Ltd.	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 4,444 thousand	US\$ 4,444 thousand	4,571,427	35.0	US\$ 8,928 thousand	US\$ (871) thousand	US\$ (305) thousand	Note 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of high-quality craft paper and corrugated paper	US\$ 165,754 thousand	US\$ 165,754 thousand	410,150,000	100.0	US\$ 221,438 thousand	US\$ 7,121 thousand	US\$ 7,121 thousand	Notes 1 and 3
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Hong Kong, China	Investment and holding	HK\$ 10 thousand	HK\$ 10 thousand	10,000	100.0	US\$ 10,175 thousand	US\$ 1,302 thousand	US\$ 1,302 thousand	Notes 1 and 3
	YFY Jupiter Limited	Hong Kong, China	Design of packaging and sale of paper	-	-	3	100.0	US\$ 3,581 thousand	US\$ (1,935) thousand	US\$ (1,935) thousand	Notes 1 and 3
	Jupiter Prestige Group Holding Limited	United Kingdom	Investment and holding	GBP 100 thousand	GBP 100 thousand	100,000	57.0	US\$ 3,761 thousand	US\$ 766 thousand	US\$ 437 thousand	Notes 1 and 3
	YFY Jupiter US, Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	-	US\$ (1,042) thousand	US\$ (1,042) thousand	Notes 1, 2 and 3
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	-	-	99	99.0	-	US\$ (3) thousand	US\$ (3) thousand	Notes 1, 2 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 25,000 thousand	-	25	1.0	US\$ 2 thousand	-	-	Notes 1 and 3
YFY Jupiter US, Inc.	Innovative, Packaging Worldwide, LLC	USA	Design of packaging and sale of paper	-	-	100,000	100.0	-	US\$ (74) thousand	US\$ (74) thousand	Notes 1, 2 and 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	-	-	1	1.0	-	US\$ (869) thousand	US\$ (9) thousand	Notes 2 and 3
	Spectiv Brands, LLC	USA	Investment and holding	-	-	-	100.0	-	US\$ (759) thousand	US\$ (759) thousand	Notes 1, 2 and 3
Mobius105 Ltd.	GST Packaging Limited	Hong Kong, China	Trading business	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 89 thousand	US\$ (2) thousand	US\$ (1) thousand	-
	YJY Packaging Limited	Hong Kong, China	Trading business	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 141 thousand	US\$ (108) thousand	US\$ (38) thousand	-
	JLD Logistics Limited	Hong Kong, China	Trading business	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.0	US\$ 49 thousand	US\$ 38 thousand	US\$ 13 thousand	-
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper	-	-	1	1.0	-	US\$ (3) thousand	-	Notes 2 and 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper	PHP 3 thousand	PHP 3 thousand	99	99.0	-	US\$ (869) thousand	US\$ (860) thousand	Notes 1, 2 and 3
	YFY Jupiter Indonesia, PT PMA	Indonesia	Design of packaging	IDR 2,475,000 thousand	-	2,475	99.0	US\$ 169 thousand	-	-	Notes 1 and 3
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	United Kingdom	Graphic design	GBP 30 thousand	GBP 30 thousand	30,000	100.0	US\$ 5,588 thousand	US\$ 1,130 thousand	US\$ 1,130 thousand	Notes 1 and 3
	Jupiter Prestige Group North America Inc.	USA	Design of packaging and sale of paper	US\$ 1 thousand	US\$ 1 thousand	100,000	100.0	US\$ 451 thousand	US\$ (442) thousand	US\$ (442) thousand	Notes 1 and 3
	Jupiter Prestige Group Australia Pty Ltd.	Australia	Graphic design	-	-	100	100.0	-	US\$ 79 thousand	US\$ 79 thousand	Notes 1, 2 and 3
	Opal BPM Limited	United Kingdom	Design of process system and assistance in graphic design	GBP 1 thousand	GBP 1 thousand	1,000	82.5	US\$ 1,518 thousand	US\$ 909 thousand	US\$ 749 thousand	Notes 1 and 3
	Foster and Balyis (Prestige) Limited	United Kingdom	Graphic design	-	-	300	33.3	US\$ 471 thousand	US\$ 191 thousand	US\$ 64 thousand	-
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design	-	-	100	100.0	US\$ 3,328 thousand	US\$ 1,008 thousand	US\$ 1,008 thousand	Notes 1 and 3
Jupiter Prestige Group North America, Inc.	Clemtel LLC	USA	Brand design	US\$ 1 thousand	-	60,000	60.0	US\$ 30 thousand	US\$ (238) thousand	US\$ (143) thousand	Notes 1 and 3
Opal BPM Limited	Opal BPM India Private Limited	India	Workflow system coding	INR 100 thousand	INR 100 thousand	1,000	100.0	US\$ 44 thousand	US\$ 37 thousand	US\$ 37 thousand	Notes 1 and 3
	Opal BPM Consulting Limited	United Kingdom	Consulting services of workflow system coding	GBP 1 thousand	GBP 1 thousand	1,000	100.0	US\$ 1 thousand	-	-	Notes 1 and 3
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	British Virgin Islands	Investment and holding	5,263,223	4,819,148	165,050,000	100.0	3,744,431	(142,815)	(142,815)	Notes 1 and 3
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	234,666	234,666	20,027,557	66.8	281,757	28,785	15,512	Notes 1 and 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
YFY Packaging (BVI) Corp.	YFY Mauritius Corp.	Mauritius	Investment and holding	US\$ 165,000 thousand	US\$ 145,000 thousand	165,000,000	51.2	US\$ 121,330 thousand	US\$ (9,356) thousand	US\$ (4,802) thousand	Notes 1 and 3
YFY Global Investment BVI Corp.	YFY RFID Co. Limited	Hong Kong, China	Investment and holding	US\$ 25,600 thousand	US\$ 25,600 thousand	25,600,000	100.0	US\$ 84,278 thousand	US\$ 11,736 thousand	US\$ 11,736 thousand	Notes 1 and 3
	YFY Jupiter (BVI) Inc.	British Virgin Islands	Investment and holding	US\$ 5,764 thousand	US\$ 4,056 thousand	5,588,310	42.8	US\$ 10,713 thousand	US\$ (871) thousand	US\$ (373) thousand	Notes 1 and 3
	YFY RFID Technologies Co., Ltd.	British Virgin Islands	Investment and holding	US\$ 5,330 thousand	US\$ 5,330 thousand	5,330,000	100.0	-	US\$ (148) thousand	US\$ (148) thousand	Notes 1, 2 and 3
	Yeon Technologies Co., Ltd.	Taipei, Taiwan	Sale and design of RFID (radio frequency identification) products	US\$ 2,035 thousand	US\$ 2,035 thousand	6,000,001	100.0	-	US\$ (146) thousand	US\$ (146) thousand	Notes 1, 2 and 3
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Product distribution and R&D services	US\$ 2,000 thousand	US\$ 1,000 thousand	2,000,000	100.0	RMB 15,260 thousand	RMB 1,548 thousand	RMB 1,548 thousand	Notes 1 and 3
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment and holding	3,543,004	3,543,004	150,013,000	100.0	2,470,953	(63,220)	(63,220)	Notes 1 and 3
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	228,164	25,551	17,455	Notes 1 and 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper	25,000	25,000	2,500,000	50.0	13,341	20,986	9,404	Notes 1 and 3
	Yuen Foong Shop (HK) Limited	Hong Kong, China	General trade	-	-	-	100.0	-	-	-	Notes 1 and 3
YFY Capital Co., Ltd.	Chung Hwa Pulp Corporation E Ink Holdings Inc.	Hualien, Taiwan	Manufacture and sale of pulp	16,809	16,809	1,181,633	0.1	16,793	351,196	376	Note 3
		Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	15,672	15,672	267,000	-	16,733	1,742,433	414	-
YFY Venture Capital Investment Co., Ltd.	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	412,244	412,244	23,059,296	2.0	608,553	1,742,433	35,700	-
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	53,130	53,130	5,313,000	3.9	109,559	145,758	5,736	-
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	7,000	7,000	700,000	1.0	6,765	5,084	51	Note 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture and whole of chemical material. 3. Medicine testing.	1,660	1,660	165,972	2.6	1,799	(3,147)	(82)	-
YFY Paradigm Investment Co., Ltd.	Union Paper Co., Ltd.	Yunlin, Taiwan	Manufacture and sale of paper	46,447	46,447	4,283,232	4.1	50,003	(5,240)	(217)	Note 3
	YFY Biotech Management Company	Taipei, Taiwan	Consulting	10,000	10,000	3,570,000	100.0	40,265	(4,114)	(4,114)	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	296,300	296,300	6,094,000	0.5	304,058	1,742,433	9,434	-
	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp	77,666	77,666	7,635,485	0.7	108,568	351,196	2,431	Note 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper	25,000	25,000	2,500,000	50.0	16,442	20,986	10,493	Note 3
	Livebricks Inc.	Taipei, Taiwan	Information processing services	77,000	77,000	7,700,002	100.0	904	1,087	1,087	Notes 1 and 3
Lotus Ecoscings & Engineering Co., Ltd.	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture and whole of chemical material. 3. Medicine testing.	450	450	43,408	0.7	471	(3,147)	(22)	-
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	73,961	73,961	1,778,000	0.2	78,410	1,742,433	2,752	-
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale and manufacture of corrugated paper and materials	107	107	9,000	0.07	103	4,849	4	Note 3
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Manufacture and sale of containers	141	141	10,000	0.03	141	28,785	10	Note 3
	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp	1,226	1,226	117,247	0.01	1,662	351,196	37	Note 3
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	British Virgin Islands	Investment and holding	1,747,085	1,747,085	61,039,956	100.0	5,289,701	80,923	80,923	Notes 1 and 3
	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	343,000	343,000	34,300,000	49.0	331,485	5,084	2,491	Note 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment	60,000	60,000	6,000,000	4.4	133,172	145,758	6,478	-
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	3,600,000	100.0	49,923	4,373	4,373	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	Research, development, production and sale of thin-film transistor liquid crystal monitors	329,000	329,000	20,000,000	1.8	394,101	1,742,433	30,963	-
Hwa Fong Investment Co., Ltd.	Effion Enertech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology	7,000	7,000	-	1.0	6,765	5,084	51	Note 3
	Kuang Hwa Fertilizer Limited Company	Hualien, Taiwan	Production of fertilizer	5,000	5,000	-	100.0	10,509	3,193	3,193	Notes 1 and 3
Effion Enertech Co., Ltd.	YFY Capital Holdings Corp.	British Virgin Islands	Investment and holding	243,625	243,625	8,060	100.0	294,430	1,910	1,910	Notes 1 and 3
	YFY Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.0	-	(38,391)	-	-

Note 1: Subsidiary.

Note 2: The amount was reclassified from investments accounted for using the equity method to other liabilities.

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

(Concluded)

TABLE 9

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on investments in mainland China

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 152,625 (US\$ 5,000 thousand)	a.(a)	\$ 45,788 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 45,788 (US\$ 1,500 thousand)	\$ (2,880)	100.0	\$ (2,880) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and cardboard	335,775 (US\$ 11,000 thousand)	a.(a)	213,675 (US\$ 7,000 thousand)	-	-	213,675 (US\$ 7,000 thousand)	49,731	100.0	49,731 (Note 2)	517,843	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	213,675 (US\$ 7,000 thousand)	a.(a)	213,675 (US\$ 7,000 thousand)	-	-	213,675 (US\$ 7,000 thousand)	20,435	100.0	20,435 (Note 2)	175,585	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and cardboard	244,200 (US\$ 8,000 thousand)	a.(a)	244,200 (US\$ 8,000 thousand)	-	-	244,200 (US\$ 8,000 thousand)	56,966	100.0	56,966 (Note 2)	715,146	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and cardboard	183,150 (US\$ 6,000 thousand)	a.(a)	61,050 (US\$ 2,000 thousand)	-	-	61,050 (US\$ 2,000 thousand)	44,346	100.0	44,346 (Note 2)	401,558	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and cardboard	244,200 (US\$ 8,000 thousand)	a.(a)	247,649 (US\$ 8,113 thousand)	-	-	247,649 (US\$ 8,113 thousand)	61,118	100.0	61,118 (Note 2)	260,852	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture and sale of paper and cardboard	244,200 (US\$ 8,000 thousand)	a.(a)	244,200 (US\$ 8,000 thousand)	-	-	244,200 (US\$ 8,000 thousand)	50,346	100.0	50,346 (Note 2)	860,046	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and cardboard	303,998 (US\$ 9,959 thousand)	a.(a)	274,725 (US\$ 9,000 thousand)	-	-	274,725 (US\$ 9,000 thousand)	59,987	90.0	53,988 (Note 2)	311,249	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and cardboard	289,988 (US\$ 9,500 thousand)	a.(a)	228,938 (US\$ 7,500 thousand)	-	-	228,938 (US\$ 7,500 thousand)	87,185	93.8	81,736 (Note 2)	403,641	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and cardboard	198,413 (US\$ 6,500 thousand)	a.(a)	198,413 (US\$ 6,500 thousand)	-	-	198,413 (US\$ 6,500 thousand)	7,610	100.0	7,610 (Note 2)	-	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outward	Inward						
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and cardboard	\$ 183,150 (US\$ 6,000 thousand)	a.(a)	\$ 146,520 (US\$ 4,800 thousand)	\$ -	\$ -	\$ 146,520 (US\$ 4,800 thousand)	\$ 75,774	100.0	\$ 75,774 (Note 2)	\$ 860,531	\$ -
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and cardboard	152,625 (US\$ 5,000 thousand)	a.(a)	152,625 (US\$ 5,000 thousand)	-	-	\$ 152,625 (US\$ 5,000 thousand)	9,716	100.0	9,716 (Note 2)	154,906	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding	2,646,731 (US\$ 86,707 thousand)	a.(a)	2,045,175 (US\$ 67,000 thousand)	610,500 (US\$ 20,000 thousand)	-	2,655,675 (US\$ 87,000 thousand)	(325,637)	100.0	(325,637) (Note 2)	738,933	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	7,469,315 (US\$ 244,695 thousand)	a.(b)	6,868,125 (US\$ 225,000 thousand)	610,500 (US\$ 20,000 thousand)	-	7,478,625 (US\$ 245,000 thousand)	(690,608)	100.0	(690,608) (Note 2)	2,667,171	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and paper	454,823 (US\$ 14,900 thousand)	a.(c)	427,533 (US\$ 14,006 thousand)	-	-	427,533 (US\$ 14,006 thousand)	(69,175)	94.0	(65,024) (Note 6)	-	-
YFY Firstpak Packaging (Yangzhou) Co., Ltd.	Manufacture and sale of product packaging; design, manufacture and sale of packaging equipment and molding equipment	124,244 (RMB 28,000 thousand)	a.(d)	-	-	-	-	(2,685)	70.0	(1,879) (Note 6)	-	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Technological development of agricultural resource recycling	244,200 (US\$ 8,000 thousand)	a.(c)	244,200 (US\$ 8,000 thousand)	-	-	244,200 (US\$ 8,000 thousand)	(5,808)	100.0	(5,808) (Note 6)	113,694	-
YFY Bio Technology (Yangzhou) Co., Ltd.	Manufacture, sale and print of cardboard	13,312 (RMB 3,000 thousand)	a.(d)	-	-	-	-	(1,888)	49.5	(934) (Note 6)	1,721	-
Shenzhen Syntax Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,199 (RMB 3,200 thousand)	a.(e)	-	-	-	-	19,135	100.0	19,135 (Note 6)	102,333	-
Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	91,575 (US\$ 3,000 thousand)	a.(f)	-	-	-	-	(10,318)	100.0	(10,318) (Note 2)	-	-
Shanghai YFY Advertising and Printing Co., Ltd.	Printing of publications	8,875 (RMB 2,000 thousand)	a.(g)	-	-	-	-	(41)	51.0	(21) (Note 2)	113	-
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	803,296 (US\$ 26,316 thousand)	a.(h)	775,091 (US\$ 25,392 thousand)	-	-	775,091 (US\$ 25,392 thousand)	400,404	95.0	380,381 (Note 6)	2,356,517	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design of RFID (radio frequency identification) products	35,498 (RMB 8,000 thousand)	a.(i)	-	-	-	-	4,818	95.0	4,577 (Note 6)	51,573	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outward	Inward						
YFY Jupiter (Shenzhen) Ltd.	Design of packaging and sale of paper	\$ 4,274 (US\$ 140 thousand)	a.(j)	\$ -	\$ -	\$ -	\$ -	\$ 44,584	77.8	\$ 34,682 (Note 6)	\$ 222,582	\$ -
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper	8,875 (RMB 2,000 thousand)	a.(k)	-	-	-	-	42,553	77.8	33,102 (Note 6)	106,019	-
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper	-	a.(k)	-	-	-	-	2,566	77.8	1,996 (Note 6)	50,612	-
Chengdu JieLianDa Warehousing Co., Ltd.	General trade	6,656 (RMB 1,500 thousand)	a.(k)	-	-	-	-	422	27.2	115 (Note 6)	2,123	-
Chengdu JieLianDa Supply Chain Co., Ltd.	Management of supply chain	-	a.(k)	-	-	-	-	(851)	27.2	(182) (Note 6)	-	-
ChengDu YongJunYu Environmental Protection packing Co., Ltd.	General trade	8,875 (RMB 2,000 thousand)	a.(k)	-	-	-	-	(5,699)	27.2	(1,552) (Note 6)	595	-
YFY Investment Co., Ltd.	Investment and holding and sale of paper	3,510,375 (US\$ 115,000 thousand)	a.(l)	3,510,375 (US\$ 115,000 thousand)	-	-	3,510,375 (US\$ 115,000 thousand)	(64,044)	100.0	(64,044) (Note 2)	1,492,279	-
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	915,750 (US\$ 30,000 thousand)	a.(m)	915,750 (US\$ 30,000 thousand)	-	-	915,750 (US\$ 30,000 thousand)	16,403	100.0	16,403 (Note 2)	461,019	-
YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkins	1,068,375 (US\$ 35,000 thousand)	a.(m)	1,068,375 (US\$ 35,000 thousand)	-	-	1,068,375 (US\$ 35,000 thousand)	(9,676)	100.0	(9,676) (Note 2)	464,752	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	915,750 (US\$ 30,000 thousand)	a.(m)	915,750 (US\$ 30,000 thousand)	-	-	915,750 (US\$ 30,000 thousand)	8,001	100.0	8,001 (Note 2)	984,103	-
Shanghai YFY International Trade Co., Ltd.	General trade	4,437 (RMB 1,000 thousand)	b.(a)	4,437 (RMB 1,000 thousand)	-	-	4,437 (RMB 1,000 thousand)	(189)	100.0	(189) (Note 6)	-	-
Guangdong Ding Feng Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	2,613,856 (US\$ 85,630 thousand)	a.(n)	671,550 (US\$ 22,000 thousand)	-	-	671,550 (US\$ 22,000 thousand)	100,135	74.6	74,744 (Note 2)	3,711,640	-
Zhaoqing Ding Feng Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	667,887 (US\$ 21,880 thousand)	a.(o)	225,275 (US\$ 7,380 thousand)	-	-	225,275 (US\$ 7,380 thousand)	1,001	74.6	747 (Note 6)	2,181,940	-

(Continued)

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outward	Inward						
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, development of credit risk management platform.	\$ 221,864 (RMB 50,000 thousand)	a.(p)	\$ 221,864 (RMB 50,000 thousand)	\$ -	\$ -	\$ 221,864 (RMB 50,000 thousand)	\$ 1,909	78.9	\$ 1,506 (Note 6)	\$ 232,009	\$ -
Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	38,462 (US\$ 1,260 thousand)	b.(b)	25,519 (US\$ 836 thousand)	-	-	25,519 (US\$ 836 thousand)	3,350	66.4	2,223 (Note 6)	30,443	-

Accumulated Investments in Mainland China as of September 30, 2018 (Notes 1 and 5)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$17,687,488	\$20,509,058	\$37,448,847

Note 1: Except for investment gains or losses which were translated at exchange rates of US\$1=NT\$29.915444 or RMB1=NT\$4.594938 or EUR1=NT\$35.735556, the rest were translated at exchange rates of US\$1=NT\$30.525 or RMB1=NT\$4.437289 or EUR1=NT\$35.48 as of September 30, 2018.

Note 2: Recognized in the financial statements audited by the auditors for the same years.

Note 3: Difference between the amount of the paid-in capital multiplied by percentage of ownership and the cumulative amount of investment exports from Taiwan at the end of the period: Guangdong Ding Feng Pulp & Paper Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. capitalized retained earnings; YFY Paper Enterprise (Zhongshan) Co., Ltd., YFY Paper Enterprise (Kunshan) Co., Ltd., YFY Paper Enterprise (Dongguan) Co., Ltd. and YFY Paper Enterprise (Fuzhou) Co., Ltd. are subsidiaries which reinvested earnings from China. YFY Jupiter (Shenzhen) Ltd. was acquired indirectly due to the acquisition of YFY Jupiter (BVI) Inc.

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

a. Investment in mainland China through companies set up in another countries. The related investors are as follows:

(a) YFY Mauritius Corp. (b) YFY Mauritius Corp. and YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY International BVI Corp. (d) Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd. (e) Hwa Fong Paper (Hong Kong) Limited (f) YFY Paper Enterprise (Xiamen) Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. (g) Kunshan YFY Advertising and Printing Co., Ltd. (h) YFY RFID Co., Limited (i) Arizon RFID Technologies (Yangzhou) Co., Ltd. (j) Mobius105 Ltd. (k) YFY Jupiter (Shenzhen) Ltd. (l) Yuen Foong Yu Consumer Products Investment Limited (m) YFY investment Co., Ltd. (n) YFY International BVI Corp. and CHP International (BVI) Corporation (o) YFY International BVI Corp., CHP International (BVI) Corporation and Guangdong Ding Feng Pulp & Paper Co., Ltd. (p) YFY Capital Holdings Corp.

b. Direct investment in mainland China and the investors are as follows:

(a) Yuen Foong Shop Co., Ltd. (b) San Ying Enterprise Co., Ltd.

Note 5: In calculating the accumulated outward remittance for investments, the reinvestment amount of \$3,723,989 thousand from investments of mainland China has been deducted.

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

Note 7: Except for YFY Bio Technology (Yangzhou) Co., Ltd., Chengdu JieLianDa Warehousing Co., Ltd., Chengdu JieLianDa Supply Chain Co., Ltd. and ChengDu YongJunYu Environmental Protection Packing Co., Ltd., investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments have been eliminated upon preparation of the consolidated financial statements.

2. For information on significant transaction events of investments in mainland China that occur directly or indirectly through third parties, refer to Tables 2, 3, 6 and 7.

TABLE 10

YFY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Subsidiary	Sales	\$ 573,430	By market price	1.0
		Chung Hwa Pulp Corporation	The same ultimate parent company	Accounts receivable	147,284	3 months after transaction month	0.1
				Sales	1,392,444	By market price	2.4
		Yuen Foong Yu Consumer Products Co., Ltd. YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Accounts receivable	333,464	2 months after transaction month	0.3
				Sales	103,476	By market price	0.2
			The same ultimate parent company	Sales	160,218	By market price	0.3
				Accounts receivable	129,859	In agreed terms	0.1
2	Chung Hwa Pulp Corporation	YFY Packaging Inc.	The same ultimate parent company	Sales	274,794	By market price	0.5
		YFY Capital Co., Ltd.	The same ultimate parent company	Sales	762,853	By market price	1.3
		Shenzhen Systax Paper Co., Ltd.	The same ultimate parent company	Sales	699,172	By market price	1.2
				Accounts receivable	511,522	5 months after transaction month	0.4
				Sales	620,236	By market price	1.1
		Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Accounts receivable	218,252	2 months after transaction month	0.2
		Union Paper Co., Ltd.	The same ultimate parent company	Sales	903,421	By market price	1.6
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	219,390	By market price	0.4
				Accounts receivable	128,347	4 months after transaction month	0.1
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	974,676	By market price	1.7
				Accounts receivable	118,943	In agreed terms	0.1
5	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Subsidiary	Sales	463,171	By market price	0.8
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	1,544,714	By market price	2.7
				Accounts receivable	707,503	In agreed terms	0.6
				Sales	170,269	By market price	0.3
		Guangdong Ding Feng Pulp & Paper Co., Ltd. YFY Family Paper (Beijing) Co., Ltd.	The same ultimate parent company Subsidiary	Sales	129,494	By market price	0.2
6	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	1,899,212	By market price	3.3
		YFY Family Care (Kunshan) Co., Ltd.	The same ultimate parent company	Accounts receivable	239,147	In agreed terms	0.2
				Sales	112,822	By market price	0.2
7	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Enterprise (Kunshan) Co., Ltd.	The same ultimate parent company	Sales	332,116	By market price	0.6
8	YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	543,672	By market price	1.0
9	YFY (Shanghai) Financial Services Co., Ltd.	YFY Firstpak Packaging (Yangzhou) Co., Ltd.	The same ultimate parent company	Accounts receivable	119,305	In agreed terms	0.1

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
10	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	The same ultimate parent company	Sales	\$ 2,225,788	By market price	3.9
				Accounts receivable	2,131,594	In agreed terms	1.8
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company	Sales	503,675	By market price	0.9
		YFY Paper Enterprise (Tianjin) Co., Ltd.	The same ultimate parent company	Sales	484,487	By market price	0.9
		YFY Paper Enterprise (Xiamen) Co., Ltd.	The same ultimate parent company	Sales	323,683	By market price	0.6
		YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company	Sales	275,766	By market price	0.5
		YFY Paper Enterprise (Qingdao) Co., Ltd.	The same ultimate parent company	Sales	232,402	By market price	0.4
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	The same ultimate parent company	Sales	235,385	By market price	0.4
		YFY Paper Enterprise (Suzhou) Co., Ltd.	The same ultimate parent company	Sales	151,241	By market price	0.3
		YFY Paper Enterprise (Shanghai) Co., Ltd.	The same ultimate parent company	Sales	132,612	By market price	0.2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	The same ultimate parent company	Sales	106,809	By market price	0.2
11	YFY International BVI Corp.	YFY Investment Co., Ltd.	The same ultimate parent company	Accounts receivable	1,030,781	In agreed terms	0.9
12	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd	Subsidiary	Sales	749,676	By market price	1.3
				Accounts receivable	190,166	In agreed terms	0.2
13	Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales	915,489	By market price	1.6
				Accounts receivable	134,372	2 months after transaction month	0.1
		YFY Family Paper (Beijing) Co., Ltd.	The same ultimate parent company	Sales	106,815	By market price	0.2
14	Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Parent company	Sales	190,785	By market price	0.3
				Accounts receivable	186,844	In agreed terms	0.2
15	Eihoyo Shoji Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	382,461	By market price	0.7
16	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	The same ultimate parent company	Sales	425,469	By market price	0.7
		YFY Paper Enterprise (Shanghai) Co., Ltd.	The same ultimate parent company	Sales	402,273	By market price	0.7
		YFY Paper Enterprise (Suzhou) Co., Ltd.	The same ultimate parent company	Sales	460,880	By market price	0.8
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company	Sales	466,247	By market price	0.8
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	The same ultimate parent company	Sales	276,956	By market price	0.5
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	The same ultimate parent company	Sales	197,526	By market price	0.3
		YFY Paper Enterprise (Dongguan) Co., Ltd.	The same ultimate parent company	Sales	218,379	By market price	0.4
		YFY Paper Enterprise (Tianjin) Co., Ltd.	The same ultimate parent company	Sales	105,280	By market price	0.2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	The same ultimate parent company	Sales	124,984	By market price	0.2
17	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Sales	219,982	By market price	0.4
18	Arizon RFID Technologies (Yangzhou) Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Subsidiary	Sales	111,397	By market price	0.2
19	Union Paper Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	157,928	By market price	0.3

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

(Concluded)