

YFY Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 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 March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended and related notes, 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 equity-method investments included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2018 and 2017, the combined total assets of these non-significant subsidiaries were NT\$19,012,866 thousand and NT\$26,689,113 thousand, respectively, representing 16% and 25%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$7,012,831 thousand and NT\$8,899,164 thousand, respectively, representing 10% and 13%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2018 and 2017, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$391,107 thousand and NT\$68,621 thousand, respectively, representing 39% and 4%, respectively, of the consolidated total comprehensive income. As of March 31, 2018 and 2017, the carrying amounts of the above mentioned equity-method investees were NT\$1,717,266 thousand and NT\$2,169,368 thousand, respectively. Included in the Group's total comprehensive income and loss for the three-month periods ended March 31, 2018 and 2017 were a gain of NT\$88,896 thousand and a loss of NT\$31,343 thousand, respectively, of the equity-method investees' net profit or loss.

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 equity-method investments 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 March 31, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended 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 Chih-Ming Shao and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 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)

ASSETS	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 5,000,179	4	\$ 4,144,894	4	\$ 2,207,603	2
Financial assets at fair value through profit or loss (FVTPL) (Notes 4 and 7)	776,185	1	325,326	-	939,278	1
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 4 and 8)	4,957,244	4	-	-	-	-
Available-for-sale financial assets (Notes 4 and 10)	-	-	4,532,411	4	3,911,156	3
Financial assets at amortized cost (Notes 4 and 9)	2,439,631	2	-	-	-	-
Debt investments with no active market (Notes 4 and 6)	-	-	2,357,256	2	1,991,862	2
Notes receivable (Notes 4 and 13)	3,403,157	3	3,775,601	3	3,783,647	3
Accounts receivable (Notes 4, 13 and 29)	10,612,317	9	10,974,676	10	9,312,809	9
Inventories (Notes 4 and 14)	9,190,586	8	9,191,130	8	8,689,405	8
Biological assets (Notes 4 and 15)	3,357,084	3	3,280,878	3	3,103,051	3
Prepayments	1,337,273	1	1,007,033	1	856,487	1
Other financial assets (Notes 4 and 30)	318,505	-	405,321	-	248,117	-
Other current assets (Notes 4, 11 and 29)	668,698	1	1,067,851	1	1,024,224	1
Total current assets	42,060,859	36	41,062,377	36	36,067,639	33
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (FVTPL) (Notes 4 and 7)	406,296	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 4 and 8)	12,143,567	11	-	-	-	-
Available-for-sale financial assets (Notes 4 and 10)	-	-	8,712,256	8	8,814,329	8
Financial assets carried at cost (Notes 4 and 12)	-	-	1,495,143	1	1,609,951	2
Debt investments with no active market (Notes 4 and 29)	-	-	400,000	-	400,000	-
Investments accounted for using the equity method (Notes 4 and 17)	6,468,623	6	6,307,712	6	6,806,271	6
Property, plant and equipment (Notes 4, 18 and 24)	48,655,561	42	47,994,654	43	46,145,301	43
Investment properties (Notes 4 and 19)	2,708,763	2	2,711,707	3	2,747,456	3
Goodwill (Note 4)	448,500	-	458,555	-	468,476	-
Deferred tax assets (Note 4)	431,848	-	368,246	-	532,027	1
Long-term prepayments for leases	1,326,448	1	1,314,005	1	1,016,442	1
Prepayments for equipment (Note 18)	796,242	1	1,026,714	1	2,485,258	2
Other non-current assets (Note 30)	715,793	1	734,404	1	727,588	1
Total non-current assets	74,101,641	64	71,523,396	64	71,753,099	67
TOTAL	\$ 116,162,500	100	\$ 112,585,773	100	\$ 107,820,738	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 13,783,957	12	\$ 11,384,557	10	\$ 12,187,805	12
Short-term bills payable (Note 20)	8,746,002	8	8,021,936	7	19,340,218	18
Financial liabilities at fair value through profit or loss (FVTPL) (Notes 4 and 7)	364,002	-	278,060	-	51,768	-
Notes and accounts payable (Note 29)	7,854,944	7	7,748,170	7	7,659,410	7
Other payables (Note 18)	2,932,533	3	2,984,866	3	2,686,818	3
Current tax liabilities (Note 4)	238,365	-	196,720	-	228,747	-
Current portion of long-term borrowings (Note 20)	160,000	-	187,300	-	228,107	-
Other current liabilities (Notes 4, 7, 11 and 23)	1,488,991	1	1,534,976	2	1,401,603	1
Total current liabilities	35,568,794	31	32,336,585	29	43,784,476	41
NON-CURRENT LIABILITIES						
Long-term borrowings, net of current portion (Note 20)	29,459,738	25	31,964,006	28	18,864,772	18
Deferred tax liabilities (Note 4)	3,423,070	3	3,386,650	3	3,376,577	3
Net defined benefit liabilities (Notes 4 and 21)	1,055,569	1	1,134,140	1	1,433,035	1
Other non-current liabilities (Notes 4 and 7)	256,870	-	238,072	-	220,613	-
Total non-current liabilities	34,195,247	29	36,722,868	32	23,894,997	22
Total liabilities	69,764,041	60	69,059,453	61	67,679,473	63
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital	16,603,715	14	16,603,715	15	16,603,715	15
Capital surplus	1,050,870	1	1,046,800	1	803,546	1
Retained earnings	14,146,283	12	13,894,534	12	12,175,306	11
Other equity	4,008,653	4	1,686,125	2	991,789	1
Total equity attributable to owners of the Company	35,809,521	31	33,231,174	30	30,574,356	28
NON-CONTROLLING INTERESTS	10,588,938	9	10,295,146	9	9,566,909	9
Total equity	46,398,459	40	43,526,320	39	40,141,265	37
TOTAL	\$ 116,162,500	100	\$ 112,585,773	100	\$ 107,820,738	100

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

(With Deloitte & Touche review report dated May 11, 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 March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)				
Net sales	\$ 15,828,700	89	\$ 13,753,719	89
Other operating revenue	<u>1,990,792</u>	<u>11</u>	<u>1,755,867</u>	<u>11</u>
Total operating revenue	<u>17,819,492</u>	<u>100</u>	<u>15,509,586</u>	<u>100</u>
OPERATING COSTS (Notes 14, 24 and 29)				
Cost of goods sold	13,996,391	78	11,496,942	74
Other operating costs	<u>1,362,138</u>	<u>8</u>	<u>1,259,603</u>	<u>8</u>
Total operating costs	<u>15,358,529</u>	<u>86</u>	<u>12,756,545</u>	<u>82</u>
LOSS ON CHANGES IN FAIR VALUE LESS COSTS TO SELL BIOLOGICAL ASSETS (Notes 4 and 15)	<u>(4,249)</u>	<u>-</u>	<u>(1,498)</u>	<u>-</u>
GROSS PROFIT	<u>2,456,714</u>	<u>14</u>	<u>2,751,543</u>	<u>18</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing	1,217,706	7	1,172,387	8
General and administrative	927,214	5	944,411	6
Research and development	<u>55,384</u>	<u>1</u>	<u>36,786</u>	<u>-</u>
Total operating expenses	<u>2,200,304</u>	<u>13</u>	<u>2,153,584</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>256,410</u>	<u>1</u>	<u>597,959</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 24)	(247,846)	(1)	(217,638)	(1)
Share of profit of associates (Notes 4 and 16)	68,502	-	19,830	-
Interest income	52,154	-	49,594	-
Rental income (Notes 19 and 29)	23,014	-	12,418	-
Other income	76,209	1	102,408	1
Gain on disposal of investments	-	-	35,721	-
Other losses	(4,856)	-	(8,009)	-
Foreign exchange gain (loss) (Note 32)	354,903	2	(100,371)	(1)
Loss on financial instruments at FVTPL (Notes 4 and 28)	<u>(228,945)</u>	<u>(1)</u>	<u>(319,886)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>93,135</u>	<u>1</u>	<u>(425,933)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	<u>349,545</u>	<u>2</u>	<u>172,026</u>	<u>1</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 March 31			
	2018		2017	
	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 25)	\$ (174,067)	(1)	\$ (110,406)	(1)
NET PROFIT FOR THE YEAR	<u>175,478</u>	<u>1</u>	<u>61,620</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	17,813	-	-	-
Unrealized gain on investments in equity instruments at FVTOCI	613,505	4	-	-
Share of the other comprehensive income of associates	51,265	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	148,447	1	(1,728,199)	(11)
Unrealized gain on available-for-sale financial assets	-	-	200,358	1
Cash flow hedges	-	-	(12,405)	-
Gain on hedging instruments	7,486	-	-	-
Share of the other comprehensive loss of associates	<u>(14,576)</u>	<u>-</u>	<u>(139,828)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>823,940</u>	<u>5</u>	<u>(1,680,074)</u>	<u>(11)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 999,418</u>	<u>6</u>	<u>\$ (1,618,454)</u>	<u>(11)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 110,258	1	\$ (44,795)	-
Non-controlling interests	<u>65,220</u>	<u>-</u>	<u>106,415</u>	<u>-</u>
	<u>\$ 175,478</u>	<u>1</u>	<u>\$ 61,620</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 866,323	5	\$ (1,585,363)	(11)
Non-controlling interests	<u>133,095</u>	<u>1</u>	<u>(33,091)</u>	<u>-</u>
	<u>\$ 999,418</u>	<u>6</u>	<u>\$ (1,618,454)</u>	<u>(11)</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 March 31			
	2018		2017	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.07</u>		<u>\$ (0.03)</u>	
Diluted	<u>\$ 0.07</u>		<u>\$ (0.03)</u>	

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

(With Deloitte & Touche review report dated May 11, 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					Non-controlling Interests	Total 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			
	Shares (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
Adjustments for the changes in equity in associates	-	-	-	-	13,954	13,954	-	-	(35)	(35)	-	-	-	-	-	13,919	939	14,858
Partial disposal of interests in subsidiaries	-	-	-	-	(37,419)	(37,419)	-	-	-	-	-	-	-	-	-	(37,419)	136,764	99,345
Adjustments for the changes in equity in subsidiaries	-	-	-	-	3,218	3,218	-	-	(1,858)	(1,858)	-	-	-	-	-	1,360	2,027	3,387
Net loss for the three months ended March 31, 2017	-	-	-	-	-	-	-	-	(44,795)	(44,795)	-	-	-	-	-	(44,795)	106,415	61,620
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(1,700,741)	171,320	-	(11,147)	-	(1,540,568)	(139,506)	(1,680,074)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	-	-	-	(44,795)	(44,795)	(1,700,741)	171,320	-	(11,147)	-	(1,585,363)	(33,091)	(1,618,454)
BALANCE AT MARCH 31, 2017	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 495,475</u>	<u>\$ 803,546</u>	<u>\$ 3,242,110</u>	<u>\$ 4,031,432</u>	<u>\$ 4,901,764</u>	<u>\$ 12,175,306</u>	<u>\$ (902,085)</u>	<u>\$ 1,916,204</u>	<u>\$ -</u>	<u>\$ (22,330)</u>	<u>\$ -</u>	<u>\$ 30,574,356</u>	<u>\$ 9,566,909</u>	<u>\$ 40,141,265</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
Reversal of special reserve	-	-	-	-	-	-	-	(1,455)	1,455	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,564)	(4,564)
Adjustments for the changes in equity of associates	-	-	-	-	277	277	-	-	2,316	2,316	-	-	-	-	-	2,593	5	2,598
Adjustment for the changes in other capital surplus	-	-	-	-	(14)	(14)	-	-	-	-	-	-	-	-	-	(14)	-	(14)
Partial acquisition of interests in subsidiaries	-	-	-	-	973	973	-	-	-	-	-	-	-	-	-	973	118,850	119,823
Adjustments for the changes in equity of subsidiaries	-	-	-	-	2,834	2,834	-	-	-	-	-	-	-	-	-	2,834	3,006	5,840
Net income for the three months ended March 31, 2018	-	-	-	-	-	-	-	-	110,258	110,258	-	-	-	-	-	110,258	65,220	175,478
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	-	-	14,602	14,602	117,067	-	616,556	-	7,840	756,065	67,875	823,940
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	-	-	-	124,860	124,860	117,067	-	616,556	-	7,840	866,323	133,095	999,418
BALANCE AT MARCH 31, 2018	<u>1,660,372</u>	<u>\$ 16,603,715</u>	<u>\$ 14,947</u>	<u>\$ 293,124</u>	<u>\$ 742,799</u>	<u>\$ 1,050,870</u>	<u>\$ 3,254,722</u>	<u>\$ 4,028,584</u>	<u>\$ 6,862,977</u>	<u>\$ 14,146,283</u>	<u>\$ (146,344)</u>	<u>\$ -</u>	<u>\$ 4,162,028</u>	<u>\$ -</u>	<u>\$ (7,031)</u>	<u>\$ 35,809,521</u>	<u>\$ 10,588,938</u>	<u>\$ 46,398,459</u>

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

(With Deloitte & Touche review report dated May 11, 2018)

YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 349,545	\$ 172,026
Adjustments for:		
Depreciation and amortization expenses	966,716	884,651
Expected credit losses recognized on accounts receivable	8,358	-
Impairment loss recognized on accounts receivable	-	44,013
Net loss on fair value changes of financial instruments at FVTPL	228,945	319,886
Finance costs	247,846	217,638
Interest income	(52,154)	(49,594)
Share of profit of associates	(68,502)	(19,830)
Gain on disposal of property, plant and equipment	(3,067)	(18)
Gain on disposal of investments	-	(35,721)
Net unrealized loss (gain) on foreign currency exchange	(359,545)	18,023
Write-down of inventories (reversed)	(2,865)	2,589
Loss on changes in fair value less costs to sell biological assets	4,249	1,498
Changes in operating assets and liabilities		
Financial assets held for trading	-	97,337
Financial assets mandatorily classified as at FVTPL	(501,574)	-
Notes receivable	287,646	(1,026,594)
Accounts receivable	478,228	324,741
Inventories	(122,217)	(685,942)
Biological assets	(26,985)	(7,375)
Prepayments	(344,905)	165,399
Other current assets	354,660	(348,977)
Notes and accounts payable	230,847	426,577
Other payables	(201,092)	(394,364)
Other current liabilities	(42,925)	543,542
Net defined benefit liabilities	(60,757)	(112,363)
Cash generated from operations	1,370,452	537,142
Interest received	34,646	16,870
Dividends received	492	-
Interest paid	(220,945)	(199,193)
Income tax paid	(126,073)	(56,718)
Net cash generated from operating activities	<u>1,058,572</u>	<u>298,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTOCI	223	-
Proceeds from the return of capital upon investees' capital reduction of financial assets at FVTOCI	7,097	-
Proceeds from sale of financial assets carried at cost	(332,164)	-
Purchase of available-for-sale financial assets	-	(154,988)

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YFY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
Proceeds from sale of available-for-sale financial assets	\$ -	\$ 162,890
Purchase of debt investments with no active market	-	(341,764)
Purchase of financial assets carried at cost	-	(77,737)
Proceeds from sale of financial assets carried at cost	-	5,806
Purchase of financial assets held for hedging	-	(4,988)
Proceeds on sale of financial assets held for hedging	8,905	-
Proceeds from sale of investments accounted for using the equity method	-	5,531
Payments for property, plant and equipment	(960,096)	(1,195,695)
Proceeds from disposal of property, plant and equipment	71,026	2,356
Proceeds from the disposal of investment properties	6,132	-
Decrease in other financial assets	75,711	27,247
Increase in other non-current assets	<u>(74,835)</u>	<u>(185,577)</u>
Net cash used in investing activities	<u>(1,198,001)</u>	<u>(1,756,919)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,465,787	3,154,379
Proceeds from short-term bills payable	730,245	12,444,239
Repayments of long-term borrowings	(2,391,597)	(15,752,338)
Increase in other non-current liabilities	62,923	115,802
Increase in non-controlling interests	114,286	102,659
Overdue dividends paid	<u>(14)</u>	<u>-</u>
Net cash generated from financing activities	<u>981,630</u>	<u>64,741</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>13,084</u>	<u>(109,189)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	855,285	(1,503,266)
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>\$ 5,000,179</u>	<u>\$ 2,207,603</u>

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

(With Deloitte & Touche review report dated May 11, 2018)

(Concluded)

YFY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 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 originally manufactured, packaged, tested and sold various integrated circuit products. To increase its competitiveness and sales through organization restructuring and specialization, 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 and holding 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 May 11, 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 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 amendment

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 amount under IAS 39 and the new measurement categories and carrying amount 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	

Financial liabilities

Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss	278,060	278,060	
	Hedging instruments	Hedging instruments	292	292	

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	\$ 325,326	\$ -	\$ -	\$ 325,326	\$ -	\$ -	
Add: Reclassification from loans and receivables	-	1,185,674	-	1,185,674	-	-	
Less: Reclassification to FVTOCI - equity instruments	-	(104,523)	-	(104,523)	-	-	
	<u>325,326</u>	<u>1,081,151</u>		<u>1,406,477</u>			
FVTOCI - equity instruments	-	-	-	-	-	-	
Add: Reclassification from FVTPL	-	104,523	-	104,523	-	-	
Add: Reclassification from available-for-sale	-	14,739,810	1,676,795	16,416,605	45,037	1,591,674	a)
	-	<u>14,844,333</u>	<u>1,676,795</u>	<u>16,521,128</u>	<u>45,037</u>	<u>1,591,674</u>	
	<u>\$ 325,326</u>	<u>\$ 15,925,484</u>	<u>\$ 1,676,795</u>	<u>\$ 17,927,605</u>	<u>\$ 45,037</u>	<u>\$ 1,591,674</u>	

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Investments accounted for using the equity method	\$ 6,307,712	\$ 12,021	\$ 6,319,733	\$ 22,070	\$ (10,609)	b)

- 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 in 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 as financial assets and financial liabilities held for hedging starting from January 1, 2018 retrospectively.

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.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will have no effect on the Group’s consolidated financial position and financial performance.

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

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)
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 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
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: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: 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.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should 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 and cash payments for the interest are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

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.

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 and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements 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 on 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 profit or loss and other 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 attribution 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

Financial assets are 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 28.

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, not including cash and cash equivalents and trade receivables 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 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 28.

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 in 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 in 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 notes receivables, accounts receivable, cash and cash equivalents and debt investments with no active market) 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.

For financial instruments and contract assets, the Group recognizes lifetime expected credit losses (i.e. 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 a financial liability is either held for trading or it is 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 28.

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	\$ 5,594	\$ 5,762	\$ 5,439
Checking accounts and demand deposits	3,247,046	2,752,372	1,606,099
Cash equivalents			
Time deposits	1,717,039	1,375,260	541,598
Repurchase agreements collateralized by bonds	<u>30,500</u>	<u>11,500</u>	<u>54,467</u>
	<u>\$ 5,000,179</u>	<u>\$ 4,144,894</u>	<u>\$ 2,207,603</u>

The market interest rates 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 0.22%-3.80% per annum, respectively, as of December 31, 2017 and March 31, 2017.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2018	December 31, 2017	March 31, 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	\$ 16,880
Exchangeable bonds	-	-	361,056
Non-derivative financial assets			
Mutual funds	-	216,452	462,442
Listed shares	-	104,523	98,900
Mandatorily at fair value through profit or loss			
Derivative financial assets (not under hedging)			
Foreign exchange forward contracts	1,670	-	-
Non-derivative financial assets			
Mutual funds	309,587	-	-
Listed shares	-	-	-
Hybrid financial assets			
Structured deposits	<u>464,928</u>	<u>-</u>	<u>-</u>
	<u>\$ 776,185</u>	<u>\$ 325,326</u>	<u>\$ 939,278</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
Subordinated bank debentures	<u>\$ 406,296</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial liabilities as at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedging)			
Cross-currency swap contracts	\$ -	\$ 213,578	\$ -
Foreign exchange forward contracts	-	64,482	51,768
Mandatorily at fair value through profit or loss			
Derivative financial liabilities (not under hedging)			
Cross-currency swap contracts	341,467	-	-
Foreign exchange forward contracts	<u>22,535</u>	<u>-</u>	<u>-</u>
	<u>\$ 364,002</u>	<u>\$ 278,060</u>	<u>\$ 51,768</u>
<u>Financial liabilities - non-current (accounted for as other noncurrent liabilities)</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedging)			
Cross-currency swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,898</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 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 were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2018</u>			
Buy	EUR:NTD	2018.04.03-2018.06.05	EUR4,159
Sell	USD:NTD	2018.04.03-2018.04.30	USD22,860
Sell	RMB:USD	2018.04.03-2018.05.29	RMB506,388
<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>March 31, 2017</u>			
Buy	EUR:USD	2017.04.28	EUR2,305
Buy	USD:NTD	2017.04.28	USD15,088
Buy	NTD:USD	2017.05.03	NTD227,045
Sell	USD:NTD	2017.04.07-2017.05.31	USD26,670
Sell	JPY:NTD	2017.04.07	JPY25,000
Sell	NTD:USD	2017.05.03	NTD227,045
Sell	RMB:NTD	2017.04.28-2017.05.17	RMB38,000
Sell	RMB:USD	2017.04.13-2018.03.01	RMB1,884,622

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 were as follows:

March 31, 2018

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%

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%

March 31, 2017

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Interest Rate Received
US\$40,000	2018.06.29-2018.07.05	3.8-3.85%	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.

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

March 31, 2018

Investments in equity instruments at FVTOCI - current

Domestic investments	
Listed shares	<u>\$ 4,957,244</u>

Investments in equity instruments at FVTOCI - non-current

Domestic investments	
Listed shares	\$ 9,001,072
Unlisted shares	<u>2,727,327</u>
	11,728,399
Foreign investment	
Unlisted shares	<u>415,168</u>
	<u>\$ 12,143,567</u>

The Group investments in listed and unlisted on domestic or 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

March 31, 2018

Domestic investments	
Time deposits with original maturities of more than 3 months	<u>\$ 2,439,631</u>

The range of interest rates for time deposits with original maturities of more than 3 months were 0.16-3.95% 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 Note 3 for information relating to their reclassification.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	March 31, 2017
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 4,532,411</u>	<u>\$ 3,911,156</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	<u>\$ 8,712,256</u>	<u>\$ 8,814,329</u>

11. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2018	December 31, 2017	March 31, 2017
Derivative financial assets under hedge accounting - current (accounted for as <u>other current assets</u>)			
Foreign exchange forward contracts	<u>\$ 137</u>	<u>\$ 2</u>	<u>\$ 72</u>
Derivative financial liabilities under hedge accounting - current (accounted for as <u>other current liabilities</u>)			
Foreign exchange forward contracts	<u>\$ 1,192</u>	<u>\$ 292</u>	<u>\$ 2,952</u>

The Group's hedge strategy is to enter foreign exchange forward contracts to avoid its foreign currency exposure to certain foreign currency receipts and payments and to manage its foreign currency exposure in relation to foreign currency forecast sales and purchases. When forecast sales and 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 were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2018</u>			
Buy	EUR:NTD	2018.04.26-2018.09.20	EUR8,883
Buy	JPY:NTD	2018.05.09	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
<u>March 31, 2017</u>			
Buy	EUR:NTD	2017.04.24-2017.04.28	EUR3,124
Buy	USD:NTD	2017.04.17-2017.05.15	USD2,787
Buy	JPY:NTD	2017.04.06-2017.04.28	JPY288,562

12. FINANCIAL ASSETS CARRIED AT COST- 2017

	December 31, 2017	March 31, 2017
<u>Non-current</u>		
Domestic and foreign unlisted shares	\$ 1,480,329	\$ 1,595,037
Domestic emerging market shares	9,642	9,642
Foreign beneficiary certificates	<u>5,172</u>	<u>5,272</u>
	<u>\$ 1,495,143</u>	<u>\$ 1,609,951</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 1,495,143</u>	<u>\$ 1,609,951</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 was so significant; therefore they were carried at cost less impairment at the end of reporting period.

13. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Notes receivable</u>			
Notes receivable	\$ 3,410,952	\$ 3,787,692	\$ 3,790,849
Less: Allowance for impairment loss	<u>(7,795)</u>	<u>(12,091)</u>	<u>(7,202)</u>
	<u>\$ 3,403,157</u>	<u>\$ 3,775,601</u>	<u>\$ 3,783,647</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 11,037,136	\$ 11,442,787	\$ 9,919,523
Receivables from related parties	67,584	22,178	14,470
Less: Allowance for impairment loss	<u>(492,403)</u>	<u>(490,289)</u>	<u>(621,184)</u>
	<u>\$ 10,612,317</u>	<u>\$ 10,974,676</u>	<u>\$ 9,312,809</u>

2018

Notes receivable, accounts receivable and receivables from related parties were generated from operating activities.

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

The Group recognizes allowances for expected credit losses during the reporting as prescribed by IFRS 9, which permits the use of a lifetime expected losses 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 difference segments of the Group's customer base.

March 31, 2018

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 360 Days	More than 360 Days	Total
Gross carrying amount	\$ 13,604,389	\$ 464,557	\$ 25,774	\$ 2,326	\$ 418,626	\$ 14,515,672
Loss allowance (lifetime ECLs)	<u>(124,563)</u>	<u>(21,387)</u>	<u>(2,769)</u>	<u>(2,005)</u>	<u>(349,474)</u>	<u>(500,198)</u>
Amortized cost	<u>\$ 13,479,826</u>	<u>\$ 443,170</u>	<u>\$ 23,005</u>	<u>\$ 321</u>	<u>\$ 69,152</u>	<u>\$ 14,015,474</u>

The aging of receivables was as follows:

	For the Three Months Ended March 31, 2018
Balance at January 1, 2018	\$ 502,380
Add: Net remeasurement of loss allowance	8,358
Less: Amounts written off	(17,226)
Effect of foreign currency exchange differences	<u>6,686</u>
Balance at March 31, 2018	<u>\$ 500,198</u>

2017

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

The aging of receivables was as follows:

	December 31, 2017	March 31, 2017
Not past due	\$ 14,302,543	\$ 12,714,245
Up to 90 days	473,055	424,948
91-180 days	72,398	92,844
181-360 days	23,821	42,082
More than 360 days	<u>380,840</u>	<u>450,723</u>
	<u>\$ 15,252,657</u>	<u>\$ 13,724,842</u>

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

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

	December 31, 2017	March 31, 2017
Up to 90 days	\$ 409,547	\$ 403,554
91-180 days	67,635	42,999
181-360 days	11,482	37,170
More than 360 days	<u>79,640</u>	<u>101,039</u>
	<u>\$ 568,304</u>	<u>\$ 584,762</u>

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

For the 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 were 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	33,768	10,245	44,013
Less: Amounts written off during the year as uncollectible	(13,968)	(1,557)	(15,525)
Effect of foreign currency exchange differences	<u>(28,983)</u>	<u>(942)</u>	<u>(29,925)</u>
Balance at March 31, 2017	<u>\$ 529,495</u>	<u>\$ 98,891</u>	<u>\$ 628,386</u>

The aging of individually impaired receivables was as follows:

	December 31, 2017	March 31, 2017
Up to 90 days	\$ 63,508	\$ 21,394
91-180 days	4,763	49,845
181-360 days	12,339	4,912
More than 360 days	<u>301,200</u>	<u>349,684</u>
	<u>\$ 381,810</u>	<u>\$ 425,835</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 was disclosed in Note 30.

14. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Finished and purchased goods	\$ 3,822,163	\$ 4,183,434	\$ 4,030,098
Materials	4,369,627	4,019,584	3,865,017
Work-in-process	997,179	986,495	792,673
Construction-in-progress	<u>1,617</u>	<u>1,617</u>	<u>1,617</u>
	<u>\$ 9,190,586</u>	<u>\$ 9,191,130</u>	<u>\$ 8,689,405</u>

The cost of goods sold for the three months ended March 31, 2018 and 2017 included reversals of inventory write-downs of \$2,865 thousand and write-downs of \$2,589 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

15. BIOLOGICAL ASSETS

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ 3,280,878	\$ 3,275,503
Increases due to planting	49,226	18,649
Loss on changes in fair value less costs to sell	(4,249)	(1,498)
Decreases due to harvest	(22,241)	(11,274)
Net exchange differences	<u>53,470</u>	<u>(178,329)</u>
Balance at March 31	<u>\$ 3,357,084</u>	<u>\$ 3,103,051</u>

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
Eucalyptus (Level 3)	<u>\$ 3,458,897</u>	<u>\$ 3,380,533</u>	<u>\$ 3,192,964</u>

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

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ 3,380,533	\$ 3,370,430
Increases due to planting	50,385	19,137
Decreases due to harvest	(22,764)	(11,568)
Recognized in profit or loss (loss on changes in fair value less costs to sell) - unrealized	(4,349)	(1,537)
Recognized in other comprehensive income (loss) (exchange differences on translating foreign operations)	<u>55,092</u>	<u>(183,498)</u>
Balance at March 31	<u>\$ 3,458,897</u>	<u>\$ 3,192,964</u>

16. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements (for the diagram of investment structure of the Group as at March 31, 2018, refer to Table 1):

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2018	December 31, 2017	March 31, 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	
	YFY 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	49.80	49.80	55.30	2)
	China Color Printing Co., Ltd.	Design and print 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 Emertech 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 Operation Management Consulting 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 construct water processing construction and environmental facilities	100.00	100.00	100.00	
	Lotus Ecosystems & 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		
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. To provide service in information software and information processing. b. Wholesale of information software and electric appliance.	100.00	100.00	100.00		
YFY International BVI Corp.	YFY Cayman Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	Guangdong Ding Feng Pulp & Paper Co., Ltd.	The marketing business of pulp, writing and printing paper, and wood free.	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) Limited	Sale and print of paper merchandise	100.00	100.00	100.00	
	Systax 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	
	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Development the technology of agricultural resource recycling	100.00	100.00	100.00	
	YFY Biopulp Technology Limited	Investment and holding	60.00	60.00	60.00	
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	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 Mauritius Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	70.30	70.30	77.20	
	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 card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture and sale of paper and card board	93.80	93.80	93.80	
	YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
	YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture and sale of paper and card board	90.00	90.00	90.00	
	YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture and sale of paper and card board	100.00	100.00	100.00	
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture and sale of paper	29.70	29.70	22.80	
Hwa Fong Paper (Hong Kong) Limited	Shenzhen Systax Paper Co., Ltd.	Sale of paper merchandise and import/export business	100.00	100.00	100.00	
YFY Cayman Co., Ltd.	YFY International Labuan Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Mauritius Corp.	Investment and holding	52.10	52.10	55.80	
	YFY Packaging Capital Corp.	Investment and holding	100.00	100.00	100.00	
	Winsong Packing Investment Company Limited	Investment and holding	70.00	-	-	10)
YFY International Labuan Co., Ltd.	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	
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Jupiter Ltd.	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 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	-	-	100.00	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	-	-	100.00	3)
YFY Jupiter US, Inc.	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)
Mobius105 Ltd.	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 (Shenzhen) Ltd.	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	
Jupiter Prestige Group Holdings Limited	Rimagine Limited	Investment and holding	-	-	100.00	9)
	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 of graphic design	82.50	82.50	82.50	
Jupiter Prestige Group North America Inc.	Jupiter Prestige Group North America Inc.	Design of packaging and sale of paper	100.00	100.00	100.00	
	Cientel LLC	Brand design	60.00	-	-	10)
Rimagine Limited	Rimagine Group Limited	Investment and holding	-	-	100.00	9)
	Rimagine Design (Shanghai) Co., Ltd.	Photograph	-	-	100.00	9)
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Graphic design	100.00	100.00	100.00	
Opal BPM Limited	Opal BPM India Private Limited	Workflow system coding	100.00	100.00	100.00	
	Opal BPM Consulting Limited	Consulting services of workflow system coding	100.00	100.00	-	6)
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Kunshan YFY Advertising and Printing Co., Ltd.	Design and print of advertisements	50.00	50.00	50.00	
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.	Shanghai YFY Advertising and Printing Co., Ltd.	Printing service of publications	51.00	51.00	51.00	
YFY Packaging Inc.	YFY Packaging (BVI) Corp.	Investment and holding	100.00	100.00	100.00	
	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	66.80	66.80	66.80	
YFY Packaging (BVI) Corp.	YFY Mauritius Corp.	Investment and holding	47.90	47.90	44.20	
YFY Global Investment BVI Corp.	YFY RFID Co., Ltd.	Investment and holding	100.00	100.00	100.00	
	YFY Jupiter (BVI) Inc.	Investment and holding	42.80	38.45	38.45	
	YFY RFID Technologies Co., Ltd.	Investment and holding	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2018	December 31, 2017	March 31, 2017	
YFY RFID Co., Ltd.	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 (Yang Zhou) Co., Ltd.	Sale and design RFID (radio frequency identification) products	100.00	100.00	100.00	
YFY RFID Technologies Co., Ltd.	Yeon Technologies (Hong Kong) Co., Ltd.	Investment and holding	100.00	100.00	-	8)
YFY Consumer Products Co., Ltd.	Yeon Technologies Co., Ltd.	Sale and design of RFID (radio frequency identification) products	100.00	100.00	100.00	
YFY Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products Investment Limited (formerly Trifairth Ltd.)	Investment and holding	100.00	100.00	100.00	
Yuen Foong Yu Consumer Products Investment Limited	Ever Growing Agriculture Biotech Co., Ltd.	Wholesale of agriculture products	85.00	85.00	85.00	
YFY Investment Co., Ltd.	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	
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	
Effion Enertech Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of high quality tissue paper and napkin	100.00	100.00	100.00	
YFY Capital Holdings Corp.	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	0.10	0.10	0.10	
YFY Capital Holdings Corp.	Effion Enertech Co., Ltd.	Sale and manufacture of TFT-LCD	1.00	1.00	1.00	
YFY Capital Holdings Corp.	Chung Hwa Pulp Corporation	Manufacture and sale of pulp	-	-	-	4)
YFY Capital Holdings Corp.	YFY Capital Holdings Corp.	Investment and holding	100.00	100.00	100.00	
YFY Capital Holdings Corp.	YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop 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	2)
YFY Paradigm Investment Co., Ltd.	YFY Biotech Management Company	Consulting	100.00	100.00	100.00	
Yuen Foong Shop Co., Ltd.	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.70	0.70	0.70	
Yuen Foong Shop Co., Ltd.	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	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	100.00	100.00	100.00	
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Investment and holding	100.00	100.00	100.00	5)
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	
Lotus Ecoscings & Engineering Co., Ltd.	Shin Foong Specialty and Applied Materials Co., Ltd.	Production and sale of SBR (styrene butadiene rubber) latex	-	-	-	2)
San Ying Enterprise Co., Ltd.	Pek Crown Paper Co., Ltd.	Manufacture and sale of containers	0.03	0.03	0.03	
Chung Hwa Pulp Corporation	Chung Hwa Pulp Corporation	Pulp and paper production, trading and forestry business	0.01	0.01	0.01	
Chung Hwa Pulp Corporation	Kunshan Actview Carbon Technology Co., Ltd.	Manufacture and sale of active carbon	66.40	66.40	66.40	
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Investment and holding	100.00	100.00	100.00	
Chung Hwa Pulp Corporation	Effion Enertech Co., Ltd.	To operate cogeneration and provide power technology	49.00	49.00	49.00	
Chung Hwa Pulp Corporation	Hwa Fong Investment Co., Ltd.	Investment and holding	100.00	100.00	100.00	
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	
CHP International (BVI) Corporation	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	
Guangdong Ding Feng Pulp & Paper Co., Ltd.	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 three months ended March 31, 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 investee mentioned in Table 9 as well as the reviewed financial statements for the three months ended March 31, 2018 of YFY Paradigm Investment Co., Ltd., YFY Venture Capital Investment Co., Ltd. and YFY Packaging Capital Corp., the financial statements of the remaining insignificant subsidiaries were not reviewed by 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 interests 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 49.8%. 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 was established in March 2017 and has 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 then Rimage Limited and its subsidiaries have been excluded from the consolidated financial statements since then.
- 10) Clemtel LLC and Winsong Packaging Investment Company Limited was established in January 2018 and has been included in the consolidated financial statements since then.

Refer to Tables 8 and 9 for the information on place of incorporation and principal place 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		
	March 31, 2018	December 31, 2017	March 31, 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

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	\$ 13,140,810	\$ 12,832,812	\$ 11,513,111
Non-current assets	17,447,440	17,333,938	17,554,962
Current liabilities	(9,749,642)	(8,851,905)	(8,634,119)
Non-current liabilities	<u>(2,454,424)</u>	<u>(3,219,365)</u>	<u>(2,658,905)</u>
Equity	18,384,184	18,095,480	17,775,049
Consolidated adjustments	<u>94,109</u>	<u>94,109</u>	<u>94,109</u>
Adjusted equity	<u>\$ 18,478,293</u>	<u>\$ 18,189,589</u>	<u>\$ 17,869,158</u>
Equity attributable to:			
Owners of Chung Hwa Pulp Corporation	\$ 9,239,109	\$ 9,112,929	\$ 9,028,066
Non-controlling interests of Chung Hwa Pulp Corporation	6,762,507	6,670,149	6,608,036
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>2,476,677</u>	<u>2,406,511</u>	<u>2,233,056</u>
	<u>\$ 18,478,293</u>	<u>\$ 18,189,589</u>	<u>\$ 17,869,158</u>

	For the Three Months Ended March 31	
	2018	2017
Operating revenue	<u>\$ 5,751,826</u>	<u>\$ 5,549,218</u>
Profit for the period	\$ 75,956	\$ 150,785
Other comprehensive income (loss) for the period	<u>175,118</u>	<u>(437,286)</u>
Total comprehensive income (loss) for the period	<u>\$ 251,074</u>	<u>\$ (286,501)</u>
Profit attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 26,024	\$ 78,534
Non-controlling interests of Chung Hwa Pulp Corporation	19,048	56,569
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>30,884</u>	<u>15,682</u>
	<u>\$ 75,956</u>	<u>\$ 150,785</u>
Total comprehensive income (loss) attributable to:		
Owners of Chung Hwa Pulp Corporation	\$ 104,454	\$ (100,076)
Non-controlling interests of Chung Hwa Pulp Corporation	76,454	(74,111)
Non-controlling interests of Chung Hwa Pulp Corporation's subsidiaries	<u>70,166</u>	<u>(112,314)</u>
	<u>\$ 251,074</u>	<u>\$ (286,501)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 17,956	\$ 365,016
Investing activities	(444,959)	(376,598)
Financing activities	60,337	(153,665)
Effects of exchange rate changes	<u>3,680</u>	<u>(9,522)</u>
Net cash outflow	<u>\$ (362,986)</u>	<u>\$ (174,769)</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2018	December 31, 2017	March 31, 2017
Material associates			
E Ink Holdings Inc.	\$ 4,751,357	\$ 4,680,947	\$ 4,636,903
Associates that are not individually material	<u>1,717,266</u>	<u>1,626,765</u>	<u>2,169,368</u>
	<u>\$ 6,468,623</u>	<u>\$ 6,307,712</u>	<u>\$ 6,806,271</u>

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

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights		
	March 31, 2018	December 31, 2017	March 31, 2017
E Ink Holdings Inc.	16.4%	16.4%	16.5%

The investments in E Ink Holdings Inc. was 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 May 11, 2018, the report date. The other rights and obligations are the same as those of 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):

March 31, 2018	December 31, 2017	March 31, 2017
<u>\$ 7,204,626</u>	<u>\$ 6,944,218</u>	<u>\$ 3,812,086</u>

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

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	\$ 16,859,341	\$ 17,747,740	\$ 14,684,749
Non-current assets	17,972,401	18,128,180	18,840,937
Current liabilities	(5,691,800)	(6,871,552)	(5,507,793)
Non-current liabilities	<u>(1,459,797)</u>	<u>(1,777,473)</u>	<u>(1,413,252)</u>
Equity	27,680,145	27,226,895	26,604,641
Non-controlling interests	<u>(320,412)</u>	<u>(294,397)</u>	<u>(8,655)</u>
	<u>\$ 27,359,733</u>	<u>\$ 26,932,498</u>	<u>\$ 26,595,986</u>
Proportion of the Group's ownership	16.4%	16.4%	16.5%
Equity attributable to the Group	\$ 4,497,897	\$ 4,427,487	\$ 4,383,443
Goodwill	<u>253,460</u>	<u>253,460</u>	<u>253,460</u>
Carrying amount	<u>\$ 4,751,357</u>	<u>\$ 4,680,947</u>	<u>\$ 4,636,903</u>

	For the Three Months Ended March 31	
	2018	2017
Operating revenue	\$ <u>2,897,634</u>	\$ <u>3,217,866</u>
Profit from continuing operations	\$ 49,055	\$ 137,051
Profit from discontinued operations	<u>-</u>	<u>17,406</u>
Net profit for the period	49,055	154,457
Other comprehensive loss	<u>(66,874)</u>	<u>(641,132)</u>
Total comprehensive loss for the period	<u>\$ (17,819)</u>	<u>\$ (486,675)</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2018	2017
The Group's share of:		
Net profit (loss) for the period	\$ 61,434	\$ (6,102)
Other comprehensive income (loss)	<u>27,462</u>	<u>(25,241)</u>
Total comprehensive income (loss) for the period	<u>\$ 88,896</u>	<u>\$ (31,343)</u>

Investments in not individually 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 has not been reviewed.

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	-	138,505	454,457	130,429	327,470	1,050,861
Transfer from prepaid equipment	-	354	87,520	182,631	-	270,505
Transfer from construction	-	762,513	3,047,510	354,899	(4,164,922)	-
Disposals	-	(750)	(107,003)	(54,823)	-	(162,576)
Effect of foreign currency exchange differences	<u>-</u>	<u>124,312</u>	<u>401,076</u>	<u>58,893</u>	<u>3,554</u>	<u>587,835</u>
Balance at March 31, 2018	<u>\$ 12,382,815</u>	<u>\$ 14,613,072</u>	<u>\$ 62,845,558</u>	<u>\$ 12,636,438</u>	<u>\$ 866,198</u>	<u>\$ 103,344,081</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ 2,597	\$ 6,249,378	\$ 38,867,385	\$ 8,483,442	\$ -	\$ 53,602,802
Depreciation expense	-	119,457	621,351	186,143	-	926,951
Disposals	-	(750)	(36,735)	(53,003)	-	(90,488)
Effect of foreign currency exchange differences	<u>-</u>	<u>36,653</u>	<u>178,244</u>	<u>34,358</u>	<u>-</u>	<u>249,255</u>
Balance at March 31, 2018	<u>\$ 2,597</u>	<u>\$ 6,404,738</u>	<u>\$ 39,630,245</u>	<u>\$ 8,650,940</u>	<u>\$ -</u>	<u>\$ 54,688,520</u>
Carrying amounts at March 31, 2018	<u>\$ 12,380,218</u>	<u>\$ 8,208,334</u>	<u>\$ 23,215,313</u>	<u>\$ 3,985,498</u>	<u>\$ 866,198</u>	<u>\$ 48,655,561</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2017	\$ 12,348,790	\$ 13,031,044	\$ 58,084,485	\$ 11,578,936	\$ 2,532,539	\$ 97,575,794
Additions	-	67,895	226,481	75,061	369,137	738,574
Transfer from prepaid equipment	35,921	2,024	7,238	15,061	618,568	678,812
Transfer from construction	-	3,761	9,798	5,674	(19,233)	-
Disposals	-	(526)	(7,296)	(23,498)	-	(31,320)
Effect of foreign currency exchange differences	-	(411,392)	(1,289,013)	(228,799)	(27,989)	(1,957,193)
Balance at March 31, 2017	<u>\$ 12,384,711</u>	<u>\$ 12,692,806</u>	<u>\$ 57,031,693</u>	<u>\$ 11,422,435</u>	<u>\$ 3,473,022</u>	<u>\$ 97,004,667</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ 2,597	\$ 5,873,779	\$ 36,951,746	\$ 7,981,077	\$ -	\$ 50,809,199
Depreciation expense	-	99,810	586,177	170,531	-	856,518
Disposals	-	(520)	(5,519)	(22,943)	-	(28,982)
Effect of foreign currency exchange differences	-	(110,728)	(544,311)	(122,330)	-	(777,369)
Balance at March 31, 2017	<u>\$ 2,597</u>	<u>\$ 5,862,341</u>	<u>\$ 36,988,093</u>	<u>\$ 8,006,335</u>	<u>\$ -</u>	<u>\$ 50,859,366</u>
Carrying amounts at March 31, 2017	<u>\$ 12,382,114</u>	<u>\$ 6,830,465</u>	<u>\$ 20,043,600</u>	<u>\$ 3,416,100</u>	<u>\$ 3,473,022</u>	<u>\$ 46,145,301</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 three months ended March 31, 2018 and 2017 were as follows:

	For the Three Months Ended March 31	
	2018	2017
Acquisition of property, plant and equipment	\$ 1,050,861	\$ 738,574
Changes in prepaid equipment	54,425	336,323
Changes in payment of payables on equipment (accounted for as other payables)	<u>(145,190)</u>	<u>120,798</u>
	<u>\$ 960,096</u>	<u>\$ 1,195,695</u>

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

19. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2018	\$ 2,888,485
Disposals	<u>(2,041)</u>
Balance at March 31, 2018	<u>\$ 2,886,444</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2018	\$ 176,778
Depreciation expense	941
Disposals	<u>(38)</u>
Balance at March 31, 2018	<u>\$ 177,681</u>
Carrying amounts at March 31, 2018	<u>\$ 2,708,763</u>
<u>Cost</u>	
Balance at January 1, 2017 and March 31, 2017	<u>\$ 2,921,498</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2017	\$ 173,068
Depreciation expense	<u>974</u>
Balance at March 31, 2017	<u>\$ 174,042</u>
Carrying amounts at March 31, 2017	<u>\$ 2,747,456</u>

The fair values of the investment properties owned by the Group were \$6,985,415 thousand, \$6,992,430 thousand and \$7,043,127 thousand as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively. The valuation was made by the Group using market transaction prices for similar properties and not by independent qualified professional valuers. The rental incomes were \$12,506 thousand and \$10,702 thousand for the three months ended March 31, 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 was held under freehold interests.

20. BORROWINGS

a. Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Bank credit loans	\$ 13,779,856	\$ 11,380,364	\$ 12,187,805
Bank secured loans	<u>4,101</u>	<u>4,193</u>	<u>-</u>
	<u>\$ 13,783,957</u>	<u>\$ 11,384,557</u>	<u>\$ 12,187,805</u>

Short-term borrowings include bank credit and bank secured loans. As of March 31, 2018, December 31, 2017 and March 31, 2017, the interest rate intervals of bank credit loans were 0.91%-5.8% per annum, 0.8%-5.6% per annum and 0.7%-5% per annum, respectively. As of March 31, 2018 and December 31, 2017, the interest rate of bank secured loans was 3.62%.

b. Short-term bills payable

Short-term bills payable are commercial paper due within one year. Interest rate intervals on these bills payable were 0.4%-1.19% per annum, 0.95%-1.26% per annum and 0.36%-1.24% per annum as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

c. Long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Syndicated loans	\$ 24,515,738	\$ 26,167,306	\$ 13,595,773
Long-term bank credit loans	4,654,000	5,534,000	5,497,106
Long-term bank secured loans	<u>450,000</u>	<u>450,000</u>	<u>-</u>
	29,619,738	32,151,306	19,092,879
Less: Current portion	<u>(160,000)</u>	<u>(187,300)</u>	<u>(228,107)</u>
	<u>\$ 29,459,738</u>	<u>\$ 31,964,006</u>	<u>\$ 18,864,772</u>

Long-term bank loans included secured, credit and syndicated loans. Secured and credit loans expire in December 2021 and have interest rate intervals of 0.95%-1.83% per annum, 0.99%-1.99% per annum and 0.99%-4.36% per annum as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively; syndicated loans expire in December 2022 and have interest rate intervals of 1.79%-3.03% per annum, 1.79%-3.03% per annum and 1.63%-2.38% per annum as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$22,031 thousand and \$28,392 thousand for the three months ended March 31, 2018 and 2017, respectively, and were calculated using the respective actuarially determined annual pension cost discount rate as of December 31, 2017 and 2016.

22. EQUITY

a. Ordinary shares

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

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

b. Capital surplus

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, and then any remaining profit together with any undistributed retained earnings shall be used for distribution of dividends and bonus 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) Remainder, as share dividends. If there is a requirement of 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 reverse from a special reserve by the Company. For the subsequent decrease in the deduction amount to shareholders' equity, to be appropriate for the net debit balance reverses.

The appropriations of earnings for 2017 and 2016 had been proposed by the Corporation's board of directors on March 22, 2018 and approved in the shareholders' meetings in June 7, 2017, respectively, were 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	-	\$ 0.6	\$ -

The appropriations of earnings are subject to the resolution of the shareholders' meeting to be held on June 21, 2018.

d. Special reserves

	For the Three Months Ended March 31	
	2018	2017
Beginning at January 1	\$ 4,030,039	\$ 4,031,432
Reversal:		
Disposal of property, plant and equipment	(1,455)	-
Balance at March 31	<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 FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedge 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	131,894	-	-	-	-	131,894
Unrealized gain on financial assets at FVTOCI	-	-	568,570	-	-	568,570
Cash flow hedges	-	-	-	-	7,840	7,840
Share of associates accounted for using the equity method	(14,827)	-	47,986	-	-	33,159
Balance at March 31 (IFRS 9)	<u>\$ (146,344)</u>	<u>\$ -</u>	<u>\$ 4,162,028</u>	<u>\$ -</u>	<u>\$ (7,031)</u>	<u>\$ 4,008,653</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	(1,589,137)	-	-	-	-	(1,589,137)
Unrealized gain on available-for-sale financial assets	-	189,786	-	-	-	189,786
Cash flow hedges	-	-	-	(11,147)	-	(11,147)
Share of associates accounted for using the equity method	(111,604)	(18,466)	-	-	-	(130,070)
Balance at March 31 (IAS 39)	<u>\$ (902,085)</u>	<u>\$ 1,916,204</u>	<u>\$ -</u>	<u>\$ (22,330)</u>	<u>\$ -</u>	<u>\$ 991,789</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	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	65,220	106,415
Cash dividend	(4,564)	-
Exchange difference on translating foreign operations	16,553	(139,062)
Unrealized gain on available-for-sale financial assets	-	10,572
Unrealized gain on financial assets at FVTOCI	44,935	-
Loss on fair value changes of cash flow hedges	-	(1,258)
Gain on hedge instruments	(354)	-
Actuarial gain on defined benefit plans	3,527	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	3,214	(9,758)
Adjustment relating to changes in equity of associates accounted for using the equity method	5	939
Adjustment for the changes in equity of subsidiaries	3,006	2,027
Disposal or acquisition of subsidiaries	<u>118,850</u>	<u>136,764</u>
Balance at March 31	<u>\$ 10,588,938</u>	<u>\$ 9,566,909</u>

23. REVENUE

	For the Three Months Ended March 31	
	2018	2017
Revenue from contracts with customers - revenue from sale of goods	\$ 15,828,700	\$ 13,753,719
Other operating revenue	<u>1,990,792</u>	<u>1,755,867</u>
	<u>\$ 17,819,492</u>	<u>\$ 15,509,586</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 not been transferred are recognized. It is a contractual liability.

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

b. Contact balances

March 31, 2018

Notes receivable	<u>\$ 3,403,157</u>
Accounts receivable	<u>\$ 10,612,317</u>
Contract liabilities - sale of goods (accounted for as other current liabilities)	<u>\$ 499,181</u>

24. NET PROFIT

a. Finance costs

**For the Three Months Ended
March 31**

	<u>2018</u>	<u>2017</u>
Interest on bank loans	\$ 253,265	\$ 227,557
Less: Capitalization amount of interest	<u>(5,419)</u>	<u>(9,919)</u>
	<u>\$ 247,846</u>	<u>\$ 217,638</u>

Information about capitalized interest was as follows:

**For the Three Months Ended
March 31**

	<u>2018</u>	<u>2017</u>
Capitalization rate	1.14%-1.62%	1.02%-1.56%

b. Depreciation and amortization

**For the Three Months Ended
March 31**

	<u>2018</u>	<u>2017</u>
Property, plant and equipment	\$ 926,951	\$ 856,518
Investment properties	941	974
Long-term prepayments for leases and other non-current assets	<u>38,824</u>	<u>27,159</u>
	<u>\$ 966,716</u>	<u>\$ 884,651</u>
 An analysis of deprecation by function		
Operating costs	\$ 865,207	\$ 788,219
Operating expenses	<u>62,685</u>	<u>69,273</u>
	<u>\$ 927,892</u>	<u>\$ 857,492</u>
 An analysis of amortization by function		
Operating costs	\$ 11,039	\$ 15,337
Operating expenses	<u>27,785</u>	<u>11,822</u>
	<u>\$ 38,824</u>	<u>\$ 27,159</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 44,122	\$ 39,785
Defined benefit plans	<u>22,031</u>	<u>28,392</u>
	66,153	68,177
Other employee benefits	<u>1,870,095</u>	<u>1,850,963</u>
Total employee benefits expense	<u>\$ 1,936,248</u>	<u>\$ 1,919,140</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,095,018	\$ 1,071,891
Operating expenses	<u>841,230</u>	<u>847,249</u>
	<u>\$ 1,936,248</u>	<u>\$ 1,919,140</u>

d. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the 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 months ended March 31, 2018 and 2017, the employees' compensation and remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	0.10%	0.11%
Remuneration of directors	1.59%	0.43%

Amount

	For the Three Months Ended March 31	
	2018	2017
	Cash	Cash
Employees' compensation	<u>\$ 30</u>	<u>\$ 30</u>
Remuneration of directors	<u>\$ 1,750</u>	<u>\$ 1,875</u>

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, were as follows:

Amount

	For the Three Months Ended	
	March 31	
	2018	2017
	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 year 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 were as follows:

	For the Three Months Ended	
	March 31	
	2018	2017
Current tax		
In respect of the current period	\$ 201,249	\$ 87,151
Deferred tax		
In respect of the current period	(16,003)	23,255
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(11,179)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 174,067</u>	<u>\$ 110,406</u>

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 2018 unappropriated earnings will be reduced from 10% to 5%.

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

**For the Three
Months Ended
March 31, 2018**

Deferred tax

In respect of the current year:

Remeasurement on defined benefit plan	\$ 17,813
Share of the other comprehensive income (loss) of associates	<u>331</u>
	<u>\$ 18,144</u>

c. Income tax assessments

Final Approved Year

The Company	2013
Chung Hwa Pulp Corporation	2015
Hwa Fong Investments Co., Ltd.	2016
Effion Eneritech Co., Ltd.	2016
YFY Packaging Inc.	2015
YFY Consumer Products Co., Ltd.	2013
Shin Foong Specialty and Applied Materials Co., Ltd.	2014
China Color Printing Co., Ltd.	2015
YFY Capital Co., Ltd.	2015
Union Investment Co., Ltd.	2015
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.	2015
Yeon Technologies Co., Ltd.	2016
YFY Biotech Management Company	2016
Kuang Hwa Fertilizer Limited Company	2016
YFY Operation Management Consulting 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
March 31**

	2018	2017
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ (0.03)</u>
Diluted earnings per share	<u>\$ 0.07</u>	<u>\$ (0.03)</u>

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

Net Profit (Loss) for the Period

	For the Three Months Ended March 31	
	2018	2017
Profit for the period attributable to owners of the Company	<u>\$ 110,258</u>	<u>\$ (44,795)</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 110,258</u>	<u>\$ (44,795)</u>
	Number of Share (In Thousands)	
	For the Three Months Ended March 31	
	2018	2017
Weighted average number of ordinary shares in computation of basic earnings per share	1,660,372	1,660,372
Effect of potentially dilutive ordinary shares:		
Employee's compensation	<u>121</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,660,493</u>	<u>1,660,372</u>

Since the Company had a net loss after tax from January 1 to March 31, 2017, it did not factor in employees' compensation when calculating the anti-dilutive effect of the diluted loss per share.

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. CAPITAL MANAGEMENT

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Hybrid financial assets	\$ -	\$ 464,928	\$ -	\$ 464,928
Non-derivative financial assets	309,587	406,296	-	715,883
Derivative financial assets	<u>-</u>	<u>1,670</u>	<u>-</u>	<u>1,670</u>
	<u>\$ 309,587</u>	<u>\$ 872,894</u>	<u>\$ -</u>	<u>\$ 1,182,481</u>
Financial assets held for hedging (accounted for as other current assets)				
	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>
Financial assets at FVTOCI				
Listed shares	\$ 13,958,316	\$ -	\$ -	\$ 13,958,316
Unlisted shares	<u>-</u>	<u>-</u>	<u>3,142,495</u>	<u>3,142,495</u>
	<u>\$ 13,958,316</u>	<u>\$ -</u>	<u>\$ 3,142,495</u>	<u>\$ 17,100,811</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 364,002</u>	<u>\$ -</u>	<u>\$ 364,002</u>
Financial liabilities held for hedging (accounted for as other current liabilities)				
	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ -</u>	<u>\$ 1,192</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)

March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - held for trading				
Non-derivative financial assets held for trading	\$ 561,342	\$ -	\$ -	\$ 561,342
Derivative financial assets	<u>-</u>	<u>16,880</u>	<u>361,056</u>	<u>377,936</u>
	<u>\$ 561,342</u>	<u>\$ 16,880</u>	<u>\$ 361,056</u>	<u>\$ 939,278</u>
Financial assets held for hedging (accounted for as other current assets)	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 72</u>
Available-for-sale financial assets				
Listed shares	<u>\$ 12,725,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,725,485</u>
Financial liabilities at FVTPL - held for trading				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 66,666</u>	<u>\$ -</u>	<u>\$ 66,666</u>
Financial liabilities held for hedging (accounted for as other current liabilities)	<u>\$ -</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ 2,952</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2018 and 2017.

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

For the three months ended March 31, 2017

	Financial Assets at FVTOCI
Balance at January 1, 2018 (IAS 39)	\$ -
The 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)	(15,972)
Disposal	(223)
Return of capital upon investees' capital reduction	(7,097)
Effect of foreign currency exchange differences	<u>(6,151)</u>
Balance at March 31, 2018	<u>\$ 3,142,495</u>

For the three months ended March 31, 2017

	Financial Assets at FVTPL
Balance at January 1, 2017	\$ 289,860
Total gains or losses	
In profit or loss	90,683
Effect of foreign currency exchange differences	<u>(19,487)</u>
Balance at March 31, 2017	<u>\$ 361,056</u>

3) Valuation techniques and inputs used to make 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 a market interest rate.
Derivatives - foreign exchange forward contracts and cross-currency swap contracts	The fair value of each derivative contract is determined using the discounted cash flow method and: (a) The average exchange rates (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 rates quoted by financial institutions.

4) Valuation techniques and inputs used to make 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 determine 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, the discount rate and the discount of liquidity. The fair value will increase if the long-term growth rate increases, the 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 discount. 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

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 1,182,481	\$ -	\$ -
Held for trading	-	325,326	939,278
Fair value through other comprehensive income (FVTOCI)	17,100,811	-	-
Derivative instruments in designated hedge accounting relationships	137	2	72
Loans and receivables (1)	-	22,057,748	17,695,921
Available-for-sale financial assets (2)	-	14,739,810	14,335,436
			(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
Amortized cost (3)	\$ 21,773,789	\$ -	\$ -
<u>Financial liabilities</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	-	278,060	66,666
Mandatorily at FVTPL	364,002	-	-
Derivative instruments in designated hedge accounting relationships	1,192	292	2,952
Amortized cost (4)	62,937,174	62,290,835	60,967,130 (Concluded)

- 1) The balances included 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, and other financial assets.
- 2) The balances included the carrying amount of available-for-sale financial assets carried at cost.
- 3) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable and other financial assets.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, 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 activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group 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 nonderivative financial instruments to avoid risk exposures. The use of financial instruments was governed by the Group's policies 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 nonderivative 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, 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 and most subsidiaries had foreign currency 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 and cross-currency swap contracts to eliminate 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 position of financial assets and liabilities that had significant influence on the Group, the risk was measured by considering the net position of foreign currency forward contract that is undue.

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in 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 rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars 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 Three Months Ended March 31	
	2018	2017
Influence to profit or loss at 5% variance		
USD	<u>\$ 194,487</u>	<u>\$ 477,676</u>
RMB	<u>\$ (220,784)</u>	<u>\$ 549,897</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 amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Fair value interest rate risk			
Financial assets	\$ 4,187,170	\$ 4,144,016	\$ 2,987,927
Financial liabilities	8,746,002	8,021,936	19,340,218
Cash flow interest rate risk			
Financial assets	3,247,046	2,752,372	1,606,099
Financial liabilities	43,403,695	43,535,863	31,280,684

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 three months ended March 31, 2018 and 2017 would have decreased/increased by \$20,078 thousand and \$15,394 thousand, respectively, which would have mainly been a result of the Group's exposure to variable interest rates on borrowings of cash flow 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 three months ended March 31, 2018 would have decreased by \$12,383 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2018 would have decreased by \$558,333 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 three months ended March 31, 2017 would have decreased by \$23,296 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2017 would have decreased by \$528,108 thousand as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount 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 various industries. The Group continuously evaluated the financial conditions of those 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 customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as its financial condition, its past transaction record 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 rating, there's 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 March 31, 2018, December 31, 2017 and March 31, 2017, the amount of unused financing facilities were \$27,457,929 thousand, \$28,939,983 thousand and \$33,503,504 thousand, respectively.

The following table details the Group's remaining contractual maturity 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 included 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 institutes 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.

March 31, 2018

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Variable interest rate liabilities	\$ 14,177,055	\$ 31,078,568
Fixed interest rate liabilities	<u>8,746,224</u>	<u>-</u>
	<u>\$ 22,923,279</u>	<u>\$ 31,078,568</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>

March 31, 2017

	Less than 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Variable interest rate liabilities	\$ 12,461,490	\$ 19,815,036
Fixed interest rate liabilities	<u>19,409,000</u>	<u>-</u>
	<u>\$ 31,870,490</u>	<u>\$ 19,815,036</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and categories of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Hsin-Yi Enterprise Co., Ltd.	Entities with key management personnel
Taiwan Global BioFund Co., Ltd.	Associate
YFY Biotech Co., Ltd.	Associate
E Ink Holdings Inc.	Associate
Transcend Optronics (Yangzhou) Co., Ltd.	Associate
Willpower Industries Ltd.	Associate
Chengdu JieLianDa Warehousing Co., Ltd.	Associate
ChengDu YongJunYu Environmental Protection Packing Co., Ltd.	Associate
GST Packaging Ltd.	Associate
JLD Logistics Ltd.	Associate
YJY Packaging Ltd.	Associate
SinoPac Financial Holdings Company	Substantive related party
SinoPac Securities Corporation	Substantive related party
SinoPac Leasing Corporation	Substantive related party
Bank SinoPac	Substantive related party
YFY Paper Co., Ltd.	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

b. Operating revenue

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Substantive related party	\$ 76,959	\$ 16,798
Associate	29,636	12,005
Entities with key management personnel	<u>734</u>	<u>959</u>
	<u>\$ 107,329</u>	<u>\$ 29,762</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Associate	\$ 39,739	\$ 27,306
Substantive related party	<u>2,494</u>	<u>2,379</u>
	<u>\$ 42,233</u>	<u>\$ 29,685</u>

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

d. Receivables from related parties

Line Item	Related Party Category	March 31, 2018	December 31, 2017	March 31, 2017
Accounts receivable	Substantive related party	\$ 40,266	\$ 13,094	\$ 11,532
	Associate	27,234	8,962	2,089
	Entities with key management personnel	84	122	849
		<u> </u>	<u> </u>	<u> </u>
		<u>\$ 67,584</u>	<u>\$ 22,178</u>	<u>\$ 14,470</u>

The outstanding accounts receivable from related parties are unsecured and unrecognized impairment loss.

e. Payables to related parties

Line Item	Related Party Category	March 31, 2018	December 31, 2017	March 31, 2017
Accounts payable	Associate	\$ 25,692	\$ 32,170	\$ 21,590
	Entities with key management personnel	6,105	4,621	5,155
	Substantive related party	<u>3,838</u>	<u>4,230</u>	<u>3,364</u>
		<u>\$ 35,635</u>	<u>\$ 41,021</u>	<u>\$ 30,109</u>

The outstanding accounts payable to related parties are unsecured.

f. Others

Rental income

Related Party Category/Name	For the Three Months Ended March 31	
	2018	2017
Substantive related party		
YFY Paper Co., Ltd.	\$ 1,976	\$ 1,976
Others	<u>1,897</u>	<u>1,043</u>
	3,873	3,019
Associate	301	77
Entities with key management personnel	<u>40</u>	<u>40</u>
	<u>\$ 4,214</u>	<u>\$ 3,136</u>

Rental expenses (accounted for as operating expenses)

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Entities with key management personnel	\$ 11,381	\$ 11,346
Substantive related party	1,146	1,585
Associate	<u>63</u>	<u>61</u>
	<u>\$ 12,590</u>	<u>\$ 12,992</u>

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

Other

In November 2015, the Group bought Bank SinoPac 3rd unsecured perpetual non-cumulative subordinated financial debentures issued in 2015, which amounted to \$400,000 thousand (accounted for as financial assets FVTPL - non-current; under IAS 39, accounted for as debt investments with no active market - non-current) and had an interest rate of 3.9%. As of December 31 and March 31, 2017, the interest receivable was \$2,418 thousand and \$6,500 thousand, respectively.

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2018	2017
Salaries and benefits	\$ 13,079	\$ 11,459
Bonus and executive fees	<u>408</u>	<u>400</u>
	<u>\$ 13,487</u>	<u>\$ 11,859</u>

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

30. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for the portion of bank loans, guarantees provided on certain commitments, drawn a check and other credit accommodation:

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable (Note)	\$ 1,989,976	\$ 2,126,559	\$ 1,857,759
Property, plant and equipment	481,648	482,719	486,142
Pledged time deposits (accounted for as other financial assets and other non-current assets)	<u>319,665</u>	<u>405,481</u>	<u>248,117</u>
	<u>\$ 2,791,289</u>	<u>\$ 3,014,759</u>	<u>\$ 2,592,018</u>

Note: In preparing the consolidated financial statements, an amount of \$1,680,176 thousand and \$1,803,313 thousand has been eliminated as of March 31, 2018 and December 31, 2017, respectively.

31. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2018, December 31, 2017 and March 31, 2017, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$1,036,027 thousand, \$610,658 thousand and \$840,969 thousand, respectively.

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

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

	March 31, 2018		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,589,848	0.159 (RMB:USD)	\$ 11,987,330
USD	54,400	29.105 (USD:NTD)	1,583,315
RMB	341,702	4.629 (RMB:NTD)	1,581,595
<u>Financial liabilities</u>			
Monetary items			
USD	280,185	6.288 (USD:RMB)	8,154,792
RMB	1,471,160	0.159 (RMB:USD)	6,809,387

	December 31, 2017		
	Foreign Currencies (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
	March 31, 2017		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,103,353	0.145 (RMB:USD)	\$ 4,850,449
USD	47,054	30.33 (USD:NTD)	1,427,156
RMB	312,106	4.396 (RMB:NTD)	1,372,048
<u>Financial liabilities</u>			
Monetary items			
USD	393,245	6.899 (USD:RMB)	11,927,132
RMB	1,682,484	0.145 (RMB:USD)	7,396,362

For the three months ended March 31, 2018 and 2017, realized and unrealized net foreign exchange gain (loss) were a gain of \$354,903 thousand and a loss of \$100,371 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 5)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
 - 9) Information on investees. (Table 8)
 - 10) Trading in derivative instruments. (Notes 7 and 9)
 - 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)

34. SEGMENT INFORMATION

The following was 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 three months ended March 31, 2018</u>					
Revenue from external customers	\$ 4,688,502	\$ 6,999,506	\$ 2,837,011	\$ 3,294,473	\$ 17,819,492
Revenue from other internal operating segments	<u>1,153,802</u>	<u>531,983</u>	<u>302,784</u>	<u>337,853</u>	<u>2,326,422</u>
Segment revenue	<u>\$ 5,842,304</u>	<u>\$ 7,531,489</u>	<u>\$ 3,139,795</u>	<u>\$ 3,632,326</u>	<u>20,145,914</u>
Eliminations					<u>(2,326,422)</u>
Consolidated revenue					<u>\$ 17,819,492</u>
Total profit or loss for reportable segment	<u>\$ 62,699</u>	<u>\$ 33,704</u>	<u>\$ 13,722</u>	<u>\$ 117,846</u>	\$ 227,971
Eliminations					<u>28,439</u>
Segment profit or loss					256,410
Finance costs					(247,846)
Net loss on fair value change of financial instruments at fair value through profit or loss					(228,945)
Net non-operating income and expenses					<u>569,926</u>
Profit before income tax					<u>\$ 349,545</u>
<u>For the three months ended March 31, 2017</u>					
Revenue from external customers	\$ 4,389,454	\$ 5,599,649	\$ 2,506,537	\$ 3,013,946	\$ 15,509,586
Revenue from other internal operating segments	<u>1,189,706</u>	<u>501,073</u>	<u>203,313</u>	<u>410,525</u>	<u>2,304,617</u>
Segment revenue	<u>\$ 5,579,160</u>	<u>\$ 6,100,722</u>	<u>\$ 2,709,850</u>	<u>\$ 3,424,471</u>	<u>17,814,203</u>
Eliminations					<u>(2,304,617)</u>
Consolidated revenue					<u>\$ 15,509,586</u>
Total profit or loss for reportable segment	<u>\$ 223,259</u>	<u>\$ 224,417</u>	<u>\$ 66,544</u>	<u>\$ 58,697</u>	\$ 572,917
Eliminations					<u>25,042</u>
Segment profit or loss					597,959
Finance costs					(217,638)
Net loss on fair value change of financial instruments at fair value through profit or loss					(319,886)
Net non-operating income and expenses					<u>111,591</u>
Profit before income tax					<u>\$ 172,026</u>

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

Segment Total Assets

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Segment assets</u>			
Business unit of pulp and fine paper	\$ 30,710,593	\$ 30,285,625	\$ 29,164,715
Business unit of containerboard and packaging	43,507,578	42,251,244	39,964,659
Business unit of consumer products	9,038,209	9,275,974	9,144,674
Other segments	73,365,302	70,820,279	68,935,644
Adjustment and elimination	<u>(40,459,182)</u>	<u>(40,047,349)</u>	<u>(39,388,954)</u>
Consolidated total assets	<u>\$ 116,162,500</u>	<u>\$ 112,585,773</u>	<u>\$ 107,820,738</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.

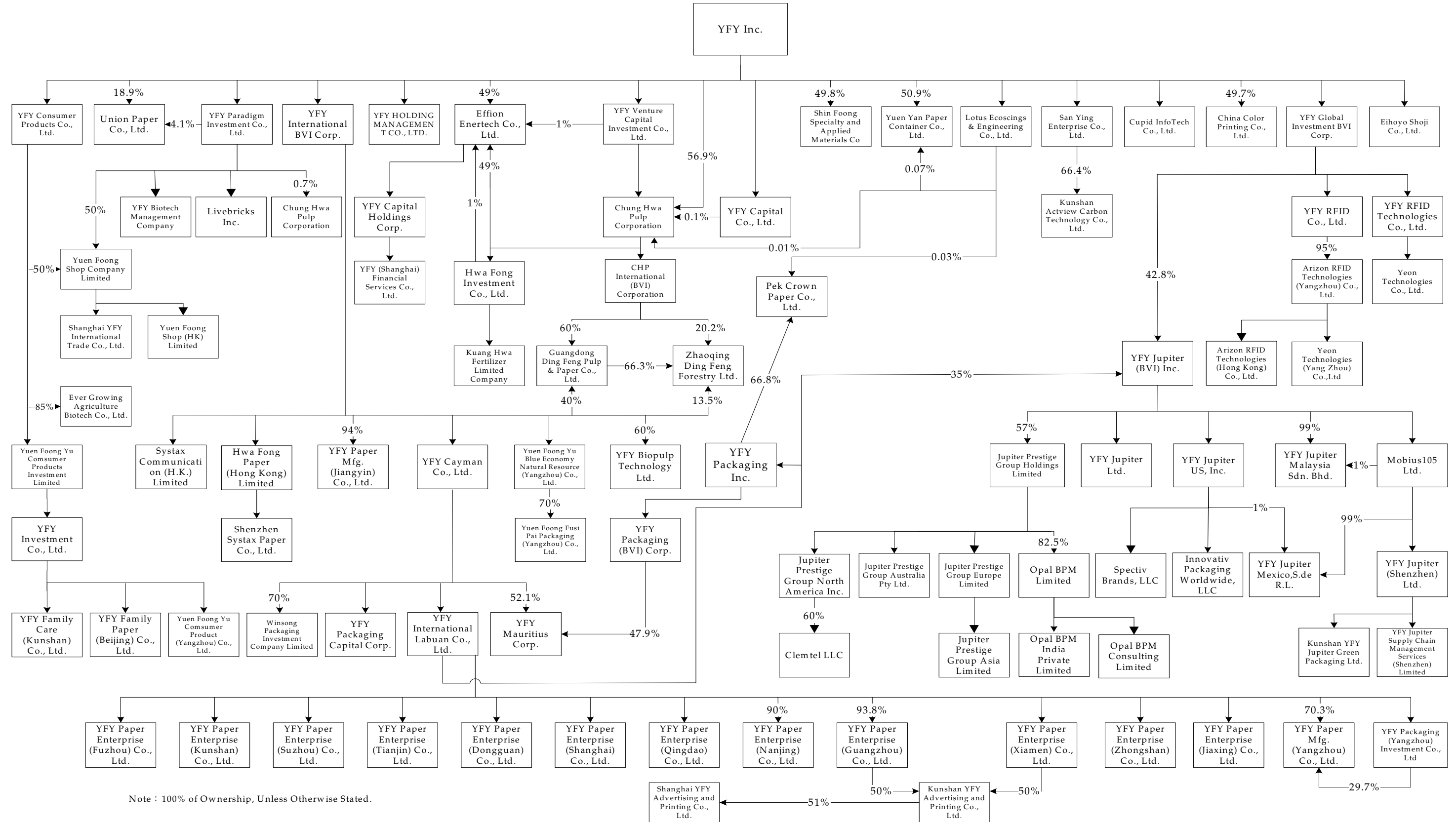
	Revenue from External Customers		Non-current Assets		
	For the Three Months Ended March 31		March 31,	December 31,	March 31,
	2018	2017	2018	2017	2017
Taiwan	\$ 10,006,931	\$ 9,172,128	\$ 31,544,712	\$ 31,266,881	\$ 30,506,844
Mainland China	7,174,205	5,603,144	22,479,242	22,355,166	22,404,630
Others	<u>638,356</u>	<u>734,314</u>	<u>627,353</u>	<u>617,992</u>	<u>679,047</u>
	<u>\$ 17,819,492</u>	<u>\$ 15,509,586</u>	<u>\$ 54,651,307</u>	<u>\$ 54,240,039</u>	<u>\$ 53,590,521</u>

Information about Major Customers

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

YFY INC. AND SUBSIDIARIES

DIAGRAM OF INVESTMENT STRUCTURE
FOR THE THREE MONTHS ENDED MARCH 31, 2018



Note : 100% of Ownership, Unless Otherwise Stated.

YFY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 525,510	\$ 523,890	\$ -	2.00	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 13,292,470	\$ 13,292,470	Note 2
2	YFY International BVI Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	757,123	756,223	756,223	2.37-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,767,350	2,473,925	2,473,925	2.37-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		Syntax Communication (H.K.) Limited	Other receivables from related parties	Yes	50,860	50,703	50,703	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	291,601	291,601	291,601	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	7,948,336	7,948,336	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	204,365	203,735	203,735	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	7,948,336	7,948,336	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	1,080,215	1,076,885	1,076,885	2.00-2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Long-term receivables from related parties	Yes	31,012	31,012	-	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Long-term receivables from related parties	Yes	134,923	134,923	134,923	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Long-term receivables from related parties	Yes	231,429	231,429	231,429	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	437,925	436,575	436,575	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	39,741,681	39,741,681	Note 2
		YFY Biopulp Technology Limited	Other receivables from related parties	Yes	2,920	2,911	2,911	2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	7,948,336	7,948,336	Note 2
3	YFY Global Investment BVI Corp.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	291,950	291,050	291,050	2.37	Short-term financing	-	Financing for working capital requirements	-	-	-	10,026,043	10,026,043	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	460,254	229,930	229,930	3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	2,005,209	2,005,209	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	1,001,547	1,000,557	984,549	1.50-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	10,026,043	10,026,043	Note 2
		YFY International BVI Corp.	Other receivables from related parties	Yes	116,520	43,658	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	10,026,043	10,026,043	Note 2
		YFY Jupiter Ltd.	Other receivables from related parties	Yes	58,390	58,210	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	501,302	2,005,209	Note 2
4	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	288,833	288,833	156,297	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	288,833	1,155,333	Note 2
		Shenzhen Systax Paper Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		Kunshan YFY Advertising and Printing Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	389,472	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	4,141	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	164,315	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Fuzhou) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	470,905	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	111,500	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	288,833	288,833	175,232	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	288,833	1,155,333	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 (Dongguan) Co., Ltd.	Other receivables from related parties	Yes	\$ 694,288	\$ 694,288	\$ -	-	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 5,776,665	\$ 5,776,665	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	68,178	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	288,833	288,833	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	288,833	1,155,333	Note 2
		Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Family Paper (Beijing) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Xiamen) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	461	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Jupiter (Shenzhen) Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		Kunshan YFY Jupiter Green Packaging Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	103,740	3.25-3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	117,517	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	694,288	694,288	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
		Shanghai YFY International Trade Co., Ltd.	Other receivables from related parties	Yes	2,407	2,407	2,054	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	5,776,665	5,776,665	Note 2
5	YFY Paper Enterprise (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	980,144	980,144	451,083	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	980,144	980,144	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	980,144	980,144	154,226	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	980,144	980,144	Note 2
		YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	275,944	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	980,144	980,144	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	46,126	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	196,029	196,029	Note 2
6	YFY Paper Enterprise (Qingdao) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,692,817	1,692,817	692,925	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,692,817	1,692,817	Note 2
		YFY (Shanghai) Financial Services Co., Ltd.	Other receivables from related parties	Yes	229,953	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,692,817	1,692,817	Note 2
7	YFY Paper Enterprise (Guangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	57,088	57,088	55,856	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	57,088	228,351	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	138,858	138,858	138,858	5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	228,351	228,351	Note 2
8	YFY Paper Enterprise (Zhongshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,364,886	1,364,886	505,776	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,642,601	1,642,601	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	277,715	277,715	277,715	4.35-5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	328,520	328,520	Note 2
9	YFY Paper Enterprise (Dongguan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	728,959	728,959	342,979	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	748,399	748,399	Note 2
		YFY Paper Mfg. (Jiangyin) Co., Ltd.	Other receivables from related parties	Yes	19,440	19,440	19,440	5.00	Short-term financing	-	Financing for working capital requirements	-	-	-	149,680	149,680	Note 2
10	YFY Paper Enterprise (Tianjin) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,377,187	1,377,187	579,155	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,377,187	1,377,187	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				
11	YFY Cayman Co., Ltd.	YFY Paper Enterprise (Jiaxing) Co., Ltd.	Long-term receivables from related parties	Yes	\$ 127,286	\$ 127,286	\$ 127,286	4.35	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 26,450,103	\$ 26,450,103	Note 2	
		YFY Paper Enterprise (Zhongshan) Co., Ltd.	Long-term receivables from related parties	Yes	82,181	82,181	82,181	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	58,260	-	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Long-term receivables from related parties	Yes	170,563	170,563	170,563	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Qingdao) Co., Ltd.	Long-term receivables from related parties	Yes	204,051	204,051	141,102	3.50-4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Tianjin) Co., Ltd.	Long-term receivables from related parties	Yes	332,332	332,332	332,332	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Dongguan) Co., Ltd.	Long-term receivables from related parties	Yes	192,271	192,271	192,271	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Guangzhou) Co., Ltd.	Other receivables from related parties	Yes	341,127	341,127	170,563	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	5,290,021	5,290,021	Note 2	
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	349,260	349,260	203,735	2.37-3.00	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	116,520	-	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Long-term receivables from related parties	Yes	211,989	211,989	91,646	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,680,524	1,679,624	1,679,624	2.37-4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	2,909,195	2,902,895	2,625,180	3.00-4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Long-term receivables from related parties	Yes	465,173	465,173	465,173	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	26,450,103	26,450,103	Note 2	
12	YFY Paper Enterprise (Nanjing) Co., Ltd.	YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	30,032	30,032	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	30,032	120,126	Note 2	
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	30,032	30,032	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	30,032	120,126	Note 2	
13		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	5,693	5,675	5,675	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	4,468,362	4,468,362	Note 2	
14	YFY Jupiter (Shenzhen) Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	533,447	533,447	39,751	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	535,553	535,553	Note 2	
		ChengDu YongJunYu Environmental Protection packing Co., Ltd.	Other receivables from related parties	Yes	2,106	2,106	2,106	12.00	Short-term financing	-	Financing for working capital requirements	-	-	-	107,111	107,111	-	
15	Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	508,601	508,601	257,201	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	508,601	2,034,404	Note 2	
16	YFY Family Paper (Beijing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	494,534	494,534	49,006	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	989,069	989,069	Note 2	
17	YFY Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,577,367	2,577,367	382,875	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	5,154,735	5,154,735	Note 2	
18	Shenzhen Systax Paper Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	174,938	174,938	106,905	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	174,938	174,938	Note 2	
19	Effion Eneritech 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	
20	YFY Family Care (Kunshan) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	470,933	464,371	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	928,742	928,742	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			
21	CHP International (BVI)	YFY International BVI Corp.	Other receivables from related parties	Yes	\$ 262,755	\$ 261,945	\$ -	1.50	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	\$ -	\$ 2,058,036	\$ 2,058,036	Note 2
		Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	963,435	960,465	960,465	1.77-2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,058,036	2,058,036	Note 2
		Zhaoqing Ding Feng Forestry Ltd.	Other receivables from related parties	Yes	350,340	349,260	349,260	1.77-2.50	Short-term financing	-	Financing for working capital requirements	-	-	-	2,058,036	2,058,036	Note 2
22	Eihoyo Shoji Co., Ltd.	YFY International BVI Corp.	Other receivables from related parties	Yes	54,780	54,780	54,780	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	169,604	169,604	Note 2
23	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,473,541	1,473,541	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,473,541	1,473,541	Note 2
		YFY Paper Enterprise (Shanghai) Co., Ltd.	Other receivables from related parties	Yes	1,473,541	1,473,541	16,675	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,473,541	1,473,541	Note 2
		YFY Paper Enterprise (Jiaxing) Co., Ltd.	Other receivables from related parties	Yes	1,473,541	1,473,541	37,506	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,473,541	1,473,541	Note 2
		YFY Paper Enterprise (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	1,473,541	1,473,541	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	1,473,541	1,473,541	Note 2
		YFY Paper Enterprise (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	1,473,541	1,473,541	1,359	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	1,473,541	1,473,541	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	73,677	73,677	13,691	3.50	Short-term financing	-	Financing for working capital requirements	-	-	-	73,677	294,708	Note 2
24	YFY Paper Enterprise (Suzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	325,140	325,140	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	325,140	325,140	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	325,140	325,140	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	325,140	325,140	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	46,126	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	65,028	65,028	Note 2
25	Yuen Foong Yu Consumer Products Co., LTD.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	60,172	60,172	60,172	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	324,001	324,001	324,001	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	509,144	509,144	509,144	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	959,608	959,608	Note 2
26	YFY Paper Enterprise (Shanghai) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	421,064	421,064	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	421,064	421,064	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	421,064	421,064	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	421,064	421,064	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	50,739	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	84,213	84,213	Note 2
27	YFY Paper Enterprise (Jiaxing) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	303,595	303,595	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	303,595	303,595	Note 2
		YFY Packaging (Yangzhou) Investment Co., Ltd.	Other receivables from related parties	Yes	303,595	303,595	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	303,595	303,595	Note 2
		YFY Paper Enterprise (Nanjing) Co., Ltd.	Other receivables from related parties	Yes	36,901	-	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	60,719	60,719	Note 2
28	Hwa Fong Paper (Hong Kong) Company Limited	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	3,503	3,493	3,493	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	174,919	174,919	Note 2
29	YFY Packaging BVI Corp.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	170,791	170,264	170,264	1.00-1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	7,036,105	7,036,105	Note 2
30	YFY Packaging Capital Corp.	YFY International BVI Corp.	Other receivables from related parties	Yes	1,090,028	1,090,028	1,090,028	2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	12,063,771	12,063,771	Note 2
		YFY Paper Mfg. (Yangzhou) Co., Ltd.	Long-term receivables from related parties	Yes	430,805	416,573	416,573	4.35	Short-term financing	-	Financing for working capital requirements	-	-	-	12,063,771	12,063,771	Note 2
		YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	67,114	67,114	67,114	0.50-2.00	Short-term financing	-	Financing for working capital requirements	-	-	-	12,063,771	12,063,771	Note 2
		YFY Cayman Co., Ltd.	Other receivables from related parties	Yes	4,376,834	4,376,834	4,376,834	0.50	Short-term financing	-	Financing for working capital requirements	-	-	-	12,063,771	12,063,771	Note 2

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 1)	Note
													Item	Value			
31	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Long-term receivables from related parties	Yes	\$ 875,850	\$ 873,150	\$ 873,150	2.00	Short-term financing	\$ -	Financing for working capital requirements	\$ -	-	-	\$ 5,077,128	\$ 5,077,128	Note 2
32	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	1,018,468	1,018,468	-	-	Short-term financing	-	Financing for working capital requirements	-	-	-	2,036,937	2,036,937	Note 2
33	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
34	YFY International Labuan Co., Ltd.	YFY Cayman Co., Ltd.	Long-term receivables from related parties	Yes	93,424	93,136	93,136	1.50	Short-term financing	-	Financing for working capital requirements	-	-	-	13,854,259	13,854,259	Note 2
35	Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	284,609	248,891	88,660	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	248,891	248,891	Note 2
36	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	197,582	197,582	3,056	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	197,582	197,582	Note 2
37	Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	92,572	92,572	92,572	3.25	Short-term financing	-	Financing for working capital requirements	-	-	-	1,219,268	1,219,268	Note 2
38	YFY Operation Management Consulting Co., Ltd.	YFY Packaging Inc.	Other receivables from related parties	Yes	40,000	40,000	40,000	1.10	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	59,000	59,000	59,000	1.10	Short-term financing	-	Financing for working capital requirements	-	-	-	99,751	99,751	Note 2

- Note 1:
- In the provision of business dealing, total loans should not exceed 40% of the lender's net equity of the prior year. Individual loans should not exceed total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term financing, individual and total loans should not exceed 40% of the lender's net equity of the prior year. To sum up, in the provision of business dealing and short-term financing, both aggregate loans and individual loans should not exceed 80% of the lender's net equity of the prior year.
 - For 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 those subsidiaries of YFY Inc., if the lending is for the borrower's business purposes or 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.
 - 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.
 - For Guangdong Ding Feng Pulp & Paper Co., Ltd. and CHP International (BVI) Corporation, individual loans and total loans 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)

YFY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 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 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	\$ 3,039,147	\$ 3,039,147	\$ 555,430	\$ -	8.49	\$ 66,462,348	Yes	No	Yes
2	YFY Packaging Inc.	YFY Cayman Co., Ltd.	Note 3 b.	10,030,800	4,379,250	4,365,750	2,561,240	-	64.67	13,374,400	No	Yes	No
3	YFY Cayman Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Note 3 a.	19,837,577	717,400	717,400	502,180	-	5.24	26,450,103	Yes	No	Yes
4	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Note 3 a.	23,533,454	568,035	291,050	-	-	1.83	31,377,938	Yes	No	No
1	<u>Credit lines (Note 4)</u> YFY Inc.	YFY Capital Co., Ltd. YFY Venture Capital Investment Co., Ltd. San Ying Enterprise Co., Ltd. YFY Paradigm Investment Co., Ltd. Lotus Ecoscings & Engineering Co., Ltd. Yeon Technologies Co., Ltd. YFY International BVI Corp. YFY Global Investment BVI Corp. YFY Jupiter Ltd. YFY (Shanghai) Financial Services Co., Ltd. Eihoyo Shoji Co., Ltd.	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. 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 49,846,761	2,700,000 1,920,000 50,000 1,670,000 230,000 40,000 3,938,851 729,875 321,768 544,917 84,000	2,700,000 1,920,000 50,000 1,670,000 230,000 40,000 3,928,604 727,625 321,183 544,917 84,000	1,220,000 870,000 - 1,108,000 102,000 - 360,892 218,288 58,210 429,070 -	- - - - - - - - - - -	7.54 5.36 0.14 4.66 0.64 0.11 10.97 2.03 0.90 1.52 0.23	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	YFY Packaging Inc.	YFY Cayman Co., Ltd. YFY Paper Enterprise (Qingdao) Co., Ltd. YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 3 b. Note 3 b. Note 3 b.	10,030,800 10,030,800 10,030,800	2,107,879 92,572 92,572	1,955,856 92,572 92,572	693,398 - -	- - -	28.97 1.37 1.37	13,374,400 13,374,400 13,374,400	No No No	No No No	No No No
3	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd. YFY Investment Co., Ltd. YFY Family Care (Kunshan) Co., Ltd.	Note 3 a. Note 3 a. Note 3 a.	3,598,529 3,598,529 3,598,529	436,950 291,300 291,300	- - -	- - -	- - -	- - -	4,798,039 4,798,039 4,798,039	No No No	No No No	No No No
4	YFY Jupiter (Shenzhen) Ltd.	YFY Jupiter Ltd.	Note 3 b.	401,664	58,390	58,210	4,104	18,514	21.98	535,550	No	No	No
5	Kunshan YFY Jupiter Green Packaging Ltd.	YFY Jupiter Ltd.	Note 3 b.	148,189	58,390	58,210	-	-	58.45	197,580	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. and YFY Cayman Co., 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., YFY Jupiter (Shenzhen) Ltd. and Kunshan YFY Jupiter Green Packaging Ltd.

Note 3: The relationships between endorsee and guarantee are as follow:

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

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

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 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	March 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Inc.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	459,299,167	\$ 4,753,746	4.2	\$ 4,753,746	
	Boardtek Electronics Corporation	-	Financial assets at fair value through other comprehensive income and loss - non-current	37,323,087	1,050,645	16.7	1,050,645	
	TaiGen Biopharmaceuticals Holdings Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	84,509,502	2,007,101	11.8	2,007,101	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	20,826,000	169,397	12.9	169,397	
	Synmax Biochemical Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	5,999,371	67,252	13.9	67,252	
	Universal Investment Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	5,562,000	32,256	2.9	32,256	
	Fu Hwa Development Enterprise Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	4,200,000	57,067	14.0	57,067	
	Taiwan Cultural-Creative Development Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	1,600,000	23,275	8.0	23,275	
	Shin Taiwan Agricultural Machinery Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	5,612	33,769	5.5	33,769	
	China Trade and Development Corp.	-	Financial assets at fair value through other comprehensive income and loss - non-current	377,634	2,310	0.6	2,310	
	Taiwan Stock Exchange Corporation	-	Financial assets at fair value through other comprehensive income and loss - non-current	20,817,024	1,316,245	3.0	1,316,245	
	Sino Cell Technologies Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	995,313	5,567	10.0	5,567	
	Yuen Foong Paper Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	544,067	13,981	0.7	13,981	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	22,750,000	268,826	14.9	268,826	
	<u>Subordinated bank debentures</u> Bank SinoPac 3rd unsecured perpetual non-cumulative subordinated financial debentures issue in 2015	Note 2	Financial assets at fair value through profit or loss - non-current	-	162,525	-	162,525	
	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,517,523	21,032	-	21,032	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paper Enterprise (Xiamen) Co., Ltd.	<u>Share certificates</u> Xiamen Taiwanese Investment Association Management Company	-	Financial assets 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 at fair value through other comprehensive income and loss - non-current	-	US\$ 201 thousand	0.2	US\$ 201 thousand	
	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss -current	75,925,719	US\$ 27,000 thousand	0.7	US\$ 27,000 thousand	
	<u>Preference shares</u> Neutron Innovation (BVI) Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,692,250	US\$ 3,322 thousand	6.6	US\$ 3,322 thousand	
	Micareo Inc.	-	Financial assets at fair value through other comprehensive income and loss - non-current	8,124,999	US\$ 6,309 thousand	19.9	US\$ 6,309 thousand	
	Omni-ID Corporation Inc.	-	Financial assets at fair value through other comprehensive income and loss - non-current	3,867,750	US\$ 3,928 thousand	5.1	US\$ 3,928 thousand	
Shin Foong Specialty and Applied Materials Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	21,461,905	222,131	0.2	222,131	
	Foongtone Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	2,622,196	54,707	11.8	54,707	
	Huashan Cultural-Creative Co., Ltd.	-	Financial assets 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> Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,774,452	24,022	-	24,022	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,907,839	30,027	-	30,027	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	839,391	10,003	-	10,003	
	<u>Ordinary shares</u> China Development Financial Holding Corporation	-	Financial assets at fair value through other comprehensive income and loss - current	9,959,081	103,076	0.1	103,076	
	China Parcel Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	463,917	8,411	10.8	8,411	
YFY Capital Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	28,481,679	294,785	0.3	294,785	
	Advance Materials Corporation Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,713,620	8,842	1.3	8,842	
	Leadwell Machines Mfg. Corp.	-	Financial assets at fair value through other comprehensive income and loss - non-current	2,090,000	32,041	3.4	32,041	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YFY Paradigm Investment Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	111,002,769	\$ 1,148,879	1	\$ 1,148,879	
	Darfon Electronics Corp.	-	Financial assets at fair value through other comprehensive income and loss - current	801,076	24,873	0.3	24,873	
	Well Shin Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	233,954	12,493	0.2	12,493	
	Shen's Art Printing Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - current	43,109	556	0.1	556	
	Medeon Biodesign, Inc.	-	Financial assets at fair value through other comprehensive income and loss - current	108,000	19,332	0.2	19,332	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	24,154,353	573,666	3.4	573,666	
	Canada Investment and Development Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	2,574,000	20,937	1.6	20,937	
	Locus Publishing Company	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	1,402,386	14,844	13.4	14,844	
	Huashan Cultural-Creative Co., Ltd.	-	Financial assets 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 at fair value through other comprehensive income and loss - non-current	994,687	5,563	10.0	5,563	
	Foongtone Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	801,077	16,713	3.6	16,713	
	Taiwan Stock Exchange Corporation	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,440	91	-	91	
YFY Venture Capital Investment Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	103,718,942	1,073,491	0.9	1,073,491	
	Medeon Biodesign, Inc.	-	Financial assets at fair value through other comprehensive income and loss - current	185,000	33,115	0.4	33,115	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,265,000	30,044	0.2	30,044	
	Quan Yuan Investment Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	7,000,000	57,493	5.5	57,493	
	Taiwan Global BioFund Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	5,600,000	43,205	4.7	43,205	
	Ever Terminal Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	2,401,920	14,045	2.5	14,045	
	Echem Solutions Corp.	-	Financial assets at fair value through other comprehensive income and loss - non-current	709,684	23,967	2.9	23,967	
	Overseas Investment & Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,000,000	7,547	1.1	7,547	
	Advance Materials Corporation Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,113	6	-	6	
	Hanmore Investment Corp.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,635,245	68,162	8.3	68,162	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 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 at fair value through profit or loss - current	983,014	\$ 13,000	-	\$ 13,000	
Cupid InfoTech Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	7,309,253	75,651	0.1	75,651	
Lotus Ecoscings & Engineering Co., Ltd.	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	29,627,530	306,645	0.3	306,645	
	Boardtek Electronics Corporation	Note 1	Financial assets at fair value through other comprehensive income and loss - current	2,335,530	65,745	1.0	65,745	
	Fu Hwa Development Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	1,050,000	14,267	3.5	14,267	
	Foongtone Technology Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income and loss - non-current	445,042	9,285	2.0	9,285	
Chung Hwa Pulp Corporation	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,215,939	100,008	-	100,008	
	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - current	97,852,282	1,012,771	0.9	1,012,771	
	NTU Innovation & Incubation Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	800,000	-	6.3	-	
	Groundhog Technologies Inc.	-	Financial assets at fair value through profit or loss - non-current	275,000	-	1.0	-	
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	15,315,356	363,740	2.1	363,740	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	22,750,000	268,826	14.9	268,826	
	<u>Subordinated bank debentures</u> Bank SinoPac 3rd unsecured perpetual non-cumulative subordinated financial debentures issue in 2015	-	Financial assets at fair value through profit or loss - non-current	-	172,670	-	172,670	
Hwa Fong Investment Co., Ltd.	<u>Ordinary shares</u> Caihui Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	150,000	-	0.2	-	
YFY Operation Management Consulting Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,162,009	85,402	-	85,402	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 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 at fair value through profit or loss - current	919,020	\$ 12,737	-	\$ 12,737	
	<u>Subordinated bank debentures</u> Bank SinoPac 3rd unsecured perpetual non-cumulative subordinated financial debentures issue in 2015	-	Financial assets at fair value through profit or loss - non-current	-	20,312	-	20,312	
Eihoyo Shoji Co., Ltd.	<u>Ordinary shares</u> Beautone Japan Co., Ltd.	-	Financial assets at fair value through other comprehensive income and loss - non-current	440	JPY 52,341 thousand	36.7	JPY 52,341 thousand	
Effion Energetech Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	217,925	3,020	-	3,020	
	<u>Subordinated bank debentures</u> Bank SinoPac 3rd unsecured perpetual non-cumulative subordinated financial debentures issue in 2015	-	Financial assets at fair value through profit or loss - non-current	-	50,789	-	50,789	
Kuang Hwa Fertilizer Limited Company	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	528,767	7,328	-	\$7,328	
San Ying Enterprise Co., Ltd.	<u>Beneficiary certificates</u> SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss -current	216,941	3,007	-	3,007	
Kunshan Actview Carbon Technology Co., Ltd.	<u>Structured deposit</u> Fubon Bank (China) financial product No. 17070482	-	Financial assets at fair value through profit or loss - current	-	RMB 2,575 thousand	-	RMB 2,575 thousand	
	Fubon Bank (China) financial product No. 17100227	-	Financial assets at fair value through profit or loss - current	-	RMB 2,346 thousand	-	RMB 2,346 thousand	
	Fubon Bank (China) financial product No. 18010393	-	Financial assets at fair value through profit or loss - current	-	RMB 2,223 thousand	-	RMB 2,223 thousand	
YFY Jupiter (Shenzhen) Ltd.	<u>Structured deposit</u> Fubon Bank (China) financial product No. 18030260	-	Financial assets at fair value through profit or loss - current	-	RMB 4,009 thousand	-	RMB 4,009 thousand	
	Fubon Bank (China) financial product No. 18030261	-	Financial assets at fair value through profit or loss - current	-	RMB 2,005 thousand	-	RMB 2,005 thousand	
	Fubon Bank (China) financial product No. 18030285	-	Financial assets at fair value through profit or loss - current	-	RMB 2,005 thousand	-	RMB 2,005 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 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. 18010599	-	Financial assets at fair value through profit or loss - current	-	RMB 2,100 thousand	-	RMB 2,100 thousand	
	Fubon Bank (China) financial product No. 18020555	-	Financial assets at fair value through profit or loss - current	-	RMB 2,120 thousand	-	RMB 2,120 thousand	
	Fubon Bank (China) financial product no. 18030249	-	Financial assets at fair value through profit or loss - current	-	RMB 7,520 thousand	-	RMB 7,520 thousand	
	Fubon Bank (China) financial product No. 18030447	-	Financial assets at fair value through profit or loss - current	-	RMB 2,580 thousand	-	RMB 2,580 thousand	
	Fubon Bank (China) financial product No. 18030690	-	Financial assets at fair value through profit or loss - current	-	RMB 7,300 thousand	-	RMB 7,300 thousand	
	Zhaoqing Ding Feng Forestry Ltd.	<u>Structured deposit</u> China Construction Bank Corporation financial product - No. 102 of 2017	-	Financial assets at fair value through profit or loss - current	-	RMB 20,065 thousand	-	RMB 20,065 thousand
Fubon Bank (China) financial product No. 18020465		-	Financial assets at fair value through profit or loss - current	-	RMB 5,300 thousand	-	RMB 5,300 thousand	
Fubon Bank (China) financial product No. 18030056		-	Financial assets at fair value through profit or loss - current	-	RMB 13,500 thousand	-	RMB 13,500 thousand	
Guangdong Ding Feng Pulp & Paper Co., Ltd.		<u>Structured deposit</u> Ping An Bank Co., Ltd. financial product No. AGS159019	-	Financial assets at fair value through profit or loss - current	-	RMB 5,000 thousand	-	RMB 5,000 thousand
	Ping An Bank Co., Ltd. financial product No. TGN170001	-	Financial assets at fair value through profit or loss - current	-	RMB 10,000 thousand	-	RMB 10,000 thousand	
	Fubon Bank (China) financial product No. 18030057	-	Financial assets at fair value through profit or loss - current	-	RMB 5,000 thousand	-	RMB 5,000 thousand	
	China Construction Bank Corporation financial product	-	Financial assets at fair value through profit or loss - current	-	RMB 4,800 thousand	-	RMB 4,800 thousand	

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

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

(Concluded)

YFY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Security	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments (Note 2)	Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount	
YFY Packaging Inc.	Beneficiary certificates															
	SinoPac TWD Money Market Fund	(Note 1)	-	-	722,288	\$ 10,000	56,887,676	\$ 788,000	56,671,950	\$ 785,061	\$ 785,001	\$ 60	\$ 1	938,014	\$ 13,000	-
	Yuanta Wan Tai Money Market Fund	(Note 1)	-	-	-	-	20,972,220	316,000	20,972,220	316,033	316,000	33	-	-	-	-

Note 1: Accounted for as financial assets at fair value through profit or loss - current.

Note 2: Unrealized gain or loss on financial assets.

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 THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/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	\$ 122,357	14	In agreed terms	\$ -	-	\$ 85,776	4	\$ -	Note 2
	YFY Paper Enterprise (Tianjin) Co., Ltd.	Note 1 b.	Sales	153,976	18	In agreed terms	-	-	67,056	3	-	Note 2
	YFY Paper Enterprise (Xiamen) Co., Ltd.	Note 1 b.	Sales	102,741	12	In agreed terms	-	-	24,661	1	-	Note 2
YFY Packaging Inc.	Pek Crown Paper Co., Ltd.	Note 1 a.	Sales	191,920	7	3 months after transaction month	-	-	123,661	6	-	Note 2
	Chung Hwa Pulp Corporation	Note 1 b.	Sales	444,892	15	2 months after transaction month	-	-	332,997	17	-	Note 2
Chung Hwa Pulp Corporation	YFY Capital Co., Ltd.	Note 1 b.	Sales	230,285	5	2 months after transaction month	-	-	64,561	2	-	Note 2
	Yuen Foong Yu Consumer Products Co., Ltd.	Note 1 b.	Sales	201,468	4	2 months after transaction month	-	-	209,862	7	-	Note 2
	Shenzhen Systax Paper Co., Ltd.	Note 1 b.	Sales	222,670	4	5 months after transaction month	-	-	544,098	18	-	Note 2
	Union Paper Co., Ltd.	Note 1 b.	Sales	321,316	6	1 month after transaction month	-	-	120,448	4	-	Note 2
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Note 1 a.	Sales	135,374	7	In agreed terms	-	-	52,509	4	-	Note 2
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Note 1 a.	Sales	427,723	21	In agreed terms	-	-	257,134	21	-	Note 2
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	340,585	100	In agreed terms	-	-	35,953	96	-	Note 2
YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	182,880	100	In agreed terms	-	-	-	-	-	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	595,875	91	In agreed terms	-	-	10,372	32	-	Note 2
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Note 1 a.	Sales	251,398	28	In agreed terms	-	-	220,165	11	-	Note 2
Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Note 1 b.	Sales	244,211	36	2 months after transaction month	-	-	149,323	31	-	Note 2
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd.	Note 1 b.	Sales	125,270	5	In agreed terms	-	-	66,132	2	-	Note 2
	YFY Paper Enterprise (Suzhou) Co., Ltd.	Note 1 b.	Sales	123,443	4	In agreed terms	-	-	53,425	1	-	Note 2
	YFY Paper Enterprise (Guangzhou) Co., Ltd.	Note 1 b.	Sales	115,112	4	In agreed terms	-	-	45,043	1	-	Note 2
Eihoyo Shoji Co., Ltd.	Chung Hwa Pulp Corporation	Note 1 b.	Sales	131,891	88	In agreed terms	-	-	-	-	-	Note 2

(Continued)

Note 1: The relationships are as follow:

- a. Subsidiary.
- b. Parent company or the same ultimate parent company.

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

(Concluded)

YFY INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 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 Pek Crown Paper Co., Ltd.	Same ultimate parent company Subsidiary	\$ 332,997 123,661	5.44 7.42	\$ - -	- -	\$ 147,931 53,667	\$ - -
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	257,134	4.23	-	-	-	-
Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	Same ultimate parent company	102,006	2.66	-	-	27,241	-
YFY (Shanghai) Financial Services Co., Ltd.	YFY Firstpak Packaging (YangZhou) Co., Ltd.	Same ultimate parent company	124,448	-	-	-	-	-
Chung Hwa Pulp Corporation	Shenzhen Systax Paper Co., Ltd. Yuen Foong Yu Consumer Products Co., Ltd. Union Paper Co., Ltd.	Same ultimate parent company Same ultimate parent company Same ultimate parent company	544,098 209,862 120,448	1.64 3.43 14.16	- - -	- - -	114,121 90,604 119,574	- - -
YFY International BVI Corp.	YFY Investment Co., Ltd.	Same ultimate parent company	587,618	-	-	-	102,406	-
YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd.	Same ultimate parent company	1,732,724	0.11	-	-	39,202	-
Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Parent company	218,346	1.31	-	-	93,108	-
Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	Same ultimate parent company	149,323	5.97	-	-	62,155	-
Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	220,165	5.49	-	-	93,594	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Shanghai) Co., Ltd.	Same ultimate parent company	122,120	3.98	-	-	121,916	-
Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	119,841	3.46	-	-	23,823	-

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

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 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	56.90	\$ 9,109,179	\$ 45,072	\$ 25,659	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	1,361,555	1,361,555	133,472,904	11.90	3,258,139	41,164	5,108	-
	YFY International BVI Corp.	British Virgin Islands	Investment and holding.	18,124,434	18,124,434	580,098,758	100.00	20,398,374	(34,385)	(34,385)	Notes 1 and 3
	YFY Global Investment BVI Corp.	British Virgin Islands	Investment and holding.	2,153,335	2,153,335	79,000,000	100.00	5,407,685	127,563	127,563	Notes 1 and 3
	Yuen Foong Yu Consumer Products Co., Ltd.	Taipei, Taiwan	Sale and produce of paper, household cleansers, and related paper merchandise.	1,600,000	1,600,000	222,491,767	100.00	2,479,520	40,646	40,646	Notes 1 and 3
	Shin Foong Specialty and Applied Materials Co., Ltd.	Pingtung, Taiwan	Sale and production of SBR Latex.	73,020	73,020	51,914,248	49.80	1,627,865	83,080	41,367	Notes 1 and 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment.	310,125	310,125	31,012,500	23.00	698,673	164,444	37,776	-
	China Color Printing Co., Ltd.	Taipei, Taiwan	To print magazines, posters and books.	190,068	190,068	32,896,330	49.70	467,397	4,685	2,327	Notes 1 and 3
	YFY Venture Capital Investment Co., Ltd.	Taipei, Taiwan	Investment and holding.	200,000	200,000	52,893,600	100.00	962,687	3,971	3,971	Notes 1 and 3
	Effion Energetech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology.	343,000	343,000	34,300,000	49.00	320,788	2,055	1,510	Notes 1 and 3
	YFY Capital Co., Ltd.	Taipei, Taiwan	Paper and paper products, such as the trading business.	189,759	189,759	26,840,000	100.00	372,284	3,785	3,785	Notes 1 and 3
	YFY Operation Management Consulting Co., Ltd.	Taipei, Taiwan	Consulting management.	250,000	250,000	25,000,000	100.00	256,830	7,485	7,485	Notes 1 and 3
	Union Paper Co., Ltd.	Yunlin, Taiwan	Sale and manufacture of Kraft paper.	200,700	200,700	19,584,000	18.90	228,203	(7,448)	(1,409)	Notes 1 and 3
	YFY Paradigm Investment Co., Ltd.	Taipei, Taiwan	Investment and holding.	231,357	231,357	77,750,000	100.00	1,306,220	(1,936)	(1,936)	Notes 1 and 3
	San Ying Enterprise Co., Ltd.	Taipei, Taiwan	Design and construct water processing construction and environmental facilities.	100,003	100,003	12,600,000	100.00	130,563	3,306	3,306	Notes 1 and 3
	Lotus Ecoscings & Engineering Co., Ltd.	Taipei, Taiwan	Construction of sewage treatment plants and incinerators.	152,944	152,944	25,704,000	100.00	307,188	(2,152)	(2,152)	Notes 1 and 3
	Eihoyo Shoji Co., Ltd.	Japan	Trade of paper, chemical material and machinery.	2,099	2,099	200	100.00	90,558	1,620	1,620	Notes 1 and 3
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale of corrugated paper and manufacture of material.	62,462	62,462	6,178,500	50.90	71,822	1,562	796	Notes 1 and 3
	Cupid InfoTech Co., Ltd.	Taipei, Taiwan	1. To provide service in information software and information processing. 2. Wholesale of information software and electric appliance.	10,000	10,000	2,467,000	100.00	49,885	2,730	2,730	Notes 1 and 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture, wholesale of chemical material. 3. Medicine test.	12,260	12,260	1,225,956	19.40	14,897	(1,179)	(228)	-
YFY International BVI Corp.	YFY Cayman Co., Ltd.	Cayman Islands	Investment and holding.	US\$ 391,850 thousand	US\$ 391,850 thousand	339,918,142	100.00	US\$ 470,643 thousand	US\$ (527) thousand	US\$ (527) 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	100.00	US\$ 3,302 thousand	US\$ 170 thousand	US\$ 170 thousand	Notes 1 and 3
	Syntax Communication (H.K.) Limited	Hong Kong, China	Sale and print of paper merchandise.	US\$ 4,646 thousand	US\$ 4,646 thousand	50,000,000	100.00	-	US\$ 55 thousand	US\$ 55 thousand	Notes 1, 2 and 3
	YFY Biopulp Technology Limited	British Virgin Islands	Investment and holding.	US\$ 90 thousand	US\$ 90 thousand	90,000	60.00	-	US\$ (5) 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	100.00	US\$ 244,848 thousand	US\$ (254) thousand	US\$ (254) thousand	Notes 1 and 3
	YFY Mauritius Corp.	Mauritius	Investment and holding.	US\$ 157,502 thousand	US\$ 157,502 thousand	157,501,731	52.10	US\$ 129,092 thousand	US\$ (222) thousand	US\$ (116) thousand	Notes 1 and 3
	Willpower Industries Ltd.	British Virgin Islands	Investment and holding.	US\$ 10,898 thousand	US\$ 10,898 thousand	6,950,000	44.80	US\$ 24,359 thousand	US\$ 918 thousand	US\$ 412 thousand	-
	YFY Packaging Capital Corp.	British Virgin Islands	Investment and holding.	US\$ 200,000 thousand	US\$ 200,000 thousand	200,000,000	100.00	US\$ 207,699 thousand	US\$ 3,302 thousand	US\$ 3,302 thousand	Notes 1 and 3
	Winsong Packaging Investment Company Limited	Hong Kong, China	Investment and holding.	US\$ 9,520 thousand	-	9,520,000	70.00	US\$ 9,518 thousand	US\$ (2) thousand	US\$ (2) 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	35.00	US\$ 9,402 thousand	US\$ (1,407) thousand	US\$ (493) thousand	Note 3
	YFY Packaging Inc.	Taipei, Taiwan	Production and sale of Kraft paper and corrugated paper.	US\$ 165,754 thousand	US\$ 165,754 thousand	410,150,000	100.00	US\$ 231,941 thousand	US\$ 227 thousand	US\$ 227 thousand	Notes 1 and 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
YFY Jupiter (BVI) Inc.	Mobius105 Ltd.	Hong Kong, China	Investment and holding.	HK\$ 10 thousand	HK\$ 10 thousand	10,000	100.00	US\$ 10,020 thousand	US\$ (102) thousand	US\$ (102) thousand	Notes 1 and 3
	YFY Jupiter Ltd.	Hong Kong, China	Design of packaging and sale of paper.	-	-	3	100.00	US\$ 4,969 thousand	US\$ (571) thousand	US\$ (571) thousand	Notes 1 and 3
	Jupiter Prestige Group Holdings Limited	United Kingdom	Investment and holding.	GBP 100 thousand	GBP 100 thousand	100,000	57.00	US\$ 2,656 thousand	US\$ (90) thousand	US\$ (69) 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	100.00	-	US\$ (665) thousand	US\$ (665) thousand	Notes 1, 2 and 3
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper.	-	-	99	99.00	-	-	-	Notes 1, 2 and 3
YFY Jupiter US, Inc.	Innovativ Packaging Worldwide, LLC	USA	Design of packaging and sale of paper.	-	-	100,000	100.00	-	US\$ (33) thousand	US\$ (33) thousand	Notes 1, 2 and 3
	YFY Jupiter Mexico, S. de R.L.	Mexico	Design of packaging and sale of paper.	-	-	1	1.00	-	US\$ (130) thousand	US\$ (1) thousand	Notes 2 and 3
	Spectiv Brands, LLC	USA	Trading business.	-	-	-	100.00	-	US\$ (302) thousand	US\$ (302) thousand	Notes 1, 2 and 3
Mobius105 Ltd.	GST Packaging Ltd.	Hong Kong, China	Trading business.	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.00	US\$ 106 thousand	-	-	-
	YJY Packaging Ltd.	Hong Kong, China	Trading business.	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.00	US\$ 145 thousand	US\$ (88) thousand	US\$ (31) thousand	-
	JLD Logistics Ltd.	Hong Kong, China	Trading business.	HK\$ 4 thousand	HK\$ 4 thousand	3,500	35.00	US\$ 38 thousand	US\$ (30) thousand	US\$ (11) thousand	-
	YFY Jupiter Malaysia Sdn. Bhd.	Malaysia	Design of packaging and sale of paper.	-	-	1	1.00	-	-	-	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	99.00	-	US\$ (130) thousand	US\$ (129) thousand	Notes 1, 2 and 3
Jupiter Prestige Group Holdings Limited	Jupiter Prestige Group Europe Limited	United Kingdom	Graphic design.	GBP 30 thousand	GBP 30 thousand	30,000	100.00	US\$ 4,686 thousand	US\$ (128) thousand	US\$ (128) 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	100.00	US\$ 783 thousand	US\$ (119) thousand	US\$ (119) thousand	Notes 1 and 3
	Jupiter Prestige Group Australia Pty Ltd	Australia	Graphic design.	-	-	100	100.00	-	US\$ 5 thousand	US\$ 5 thousand	Notes 1, 2 and 3
	Opal BPM Limited	United Kingdom	Design of process system and assistance of graphic design.	GBP 1 thousand	GBP 1 thousand	1,000	82.50	US\$ 1,015 thousand	US\$ 247 thousand	US\$ 204 thousand	Notes 1 and 3
	Foster and Balyis (Prestige) Limited	United Kingdom	Graphic design.	-	-	300	33.30	US\$ 432 thousand	US\$ 40 thousand	US\$ 13 thousand	-
Jupiter Prestige Group Europe Limited	Jupiter Prestige Group Asia Limited	Hong Kong, China	Graphic design.	-	-	100	100.00	US\$ 2,236 thousand	US\$ (89) thousand	US\$ (89) thousand	Notes 1 and 3
Jupiter Prestige Group North America, Inc.	Clemtel LLC	USA	Graphic design.	US\$ 1 thousand	-	60,000	60.00	-	US\$ (33) thousand	US\$ (20) thousand	Notes 1, 2 and 3
Opal BPM Limited	Opal BPM India Private Limited	India	Workflow system coding.	INR 100 thousand	INR 100 thousand	1,000	100.00	US\$ 65 thousand	US\$ 23 thousand	US\$ 23 thousand	Notes 1 and 3
	Opal BPM Consulting Limited	United Kingdom	Workflow system coding.	GBP 1 thousand	GBP 1 thousand	1,000	100.00	US\$ 1 thousand	-	-	Notes 1 and 3
YFY Packaging Inc.	YFY Packaging (BVI) Corp. Pek Crown Paper Co., Ltd.	British Virgin Islands Taichung, Taiwan	Investment and holding.	4,819,148	4,819,148	150,050,000	100.00	3,643,100	(2,657)	(2,657)	Notes 1 and 3
			Sale and manufacture of paper container.	234,666	234,666	20,027,557	66.80	308,757	11,183	7,465	Notes 1 and 3
YFY Packaging (BVI) Corp.	YFY Mauritius Corp.	Mauritius	Investment and holding.	US\$ 145,000 thousand	US\$ 145,000 thousand	145,000,000	47.90	US\$ 118,846 thousand	US\$ (222) thousand	US\$ (107) thousand	Notes 1 and 3
YFY Global Investment BVI Corp.	YFY RFID Co., Ltd.	Hong Kong, China	Investment and holding.	US\$ 25,600 thousand	US\$ 25,600 thousand	25,600,000	100.00	US\$ 84,332 thousand	US\$ 4,543 thousand	US\$ 4,543 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	42.80	US\$ 11,292 thousand	US\$ (1,407) thousand	US\$ (602) 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	100.00	-	US\$ (86) thousand	US\$ (86) thousand	Notes 1, 2 and 3
YFY RFID Technologies Co., Ltd.	Yeon Technologies Co., Ltd.	Taipei, Taiwan	Sale and design RFID products.	US\$ 2,035 thousand	US\$ 2,035 thousand	6,000,001	100.00	-	US\$ (86) thousand	US\$ (86) thousand	Notes 1, 2 and 3
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Hong Kong, China	Trading business.	US\$ 1,000 thousand	US\$ 1,000 thousand	1,000,000	100.00	RMB 6,269 thousand	RMB (192) thousand	RMB (192) thousand	Note 3

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
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	100.00	\$ 2,619,514	\$ (16,049)	\$ (16,049)	Notes 1 and 3
	Ever Growing Agriculture Biotech Co., Ltd.	Taipei, Taiwan	Agricultural services, wholesale and manufacturing of fertilizers and other cleaning supplies wholesale.	107,595	107,595	16,569,513	85.00	220,795	11,860	10,086	Notes 1 and 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper.	25,000	25,000	2,500,000	50.00	7,463	7,130	3,565	Notes 1 and 3
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong, China	Sale of paper.	-	-	-	100.00	-	-	-	Notes 1 and 3
YFY Capital Co., Ltd.	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp.	16,809	16,809	1,181,633	0.10	17,037	45,072	48	Note 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	15,672	15,672	267,000	-	16,734	41,164	10	-
YFY Venture Capital Investment Co., Ltd.	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	412,244	412,244	23,059,296	2.10	607,295	41,164	882	-
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment.	53,130	53,130	5,313,000	3.90	119,697	164,444	6,472	-
	Effion Eneritech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology.	7,000	7,000	700,000	1.00	6,862	2,055	21	Note 3
	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture, wholesale of chemical material. 3. Medicine test.	1,660	1,660	165,972	2.60	2,017	(1,179)	(31)	-
YFY Paradigm Investment Co., Ltd.	Union Paper Co., Ltd.	Yunlin, Taiwan	Sale and manufacture of Kraft paper.	46,447	46,447	4,283,232	4.10	49,911	(7,448)	(308)	Note 3
	YFY Biotech Management Company	Taipei, Taiwan	To provide service in consultation and business management.	10,000	10,000	3,570,000	100.00	54,100	(524)	(524)	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	296,300	296,300	6,094,000	0.50	303,732	41,164	233	-
	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp.	77,666	77,666	7,635,485	0.70	110,143	45,072	312	Note 3
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	Sale of paper.	25,000	25,000	2,500,000	50.00	9,475	7,130	3,565	Note 3
	Livebricks Inc.	Taipei, Taiwan	Information processing services.	77,000	77,000	7,700,002	100.00	751	934	934	Notes 1 and 3
Lotus Ecoscings & Engineering Co., Ltd.	Taiwan Genome Sciences, Inc.	Taipei, Taiwan	1. Develop skills in genome medicine. 2. Manufacture, wholesale of chemical material. 3. Medicine test.	450	450	43,408	0.70	527	(1,179)	(8)	-
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	73,961	73,961	1,778,000	0.20	78,325	41,164	68	-
	Yuen Yan Paper Container Co., Ltd.	Miaoli, Taiwan	Sale of corrugated paper and manufacture of material.	107	107	9,000	0.07	105	1,562	1	Note 3
	Pek Crown Paper Co., Ltd.	Taichung, Taiwan	Sale and manufacture of paper container.	141	141	10,000	0.03	153	11,183	4	Note 3
	Chung Hwa Pulp Corporation	Hualien, Taiwan	Manufacture and sale of pulp.	1,226	1,226	117,247	0.01	1,686	45,072	5	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	100.00	5,335,393	51,969	51,969	Notes 1 and 3
	Effion Eneritech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology.	343,000	343,000	34,300,000	49.00	336,216	2,055	1,007	Note 3
	Taiwan Global BioFund Co., Ltd.	Taipei, Taiwan	Biotechnology and biopharmaceutical business investment.	60,000	60,000	6,000,000	4.40	144,621	164,444	7,308	-
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding.	36,000	36,000	3,600,000	100.00	50,370	1,221	1,221	Notes 1 and 3
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale Thin-film transistor liquid crystal.	329,000	329,000	20,000,000	1.80	393,023	41,164	765	-
Hwa Fong Investment Co., Ltd.	Effion Eneritech Co., Ltd.	Taipei, Taiwan	To operate cogeneration and provide power technology.	7,000	7,000	700,000	1.00	6,862	2,055	21	Note 3
	Kuang Hwa Fertilizer Limited Company	Hualien, Taiwan	To produce fertilizer.	5,000	5,000	-	100.00	13,793	1,192	1,192	Notes 1 and 3
Effion Eneritech Co., Ltd.	YFY Capital Holdings Corp.	British Virgin Islands	Investment and holding.	243,625	243,625	8,060	100.00	306,195	991	991	Notes 1 and 3
	YFY Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of seeds, oil and agricultural products.	36,000	36,000	3,600,000	36.00	-	(18,212)	-	-

Note 1: Subsidiary.

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

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

(Concluded)

YFY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Informational on investments in mainland China

Investee Company (Note 7)	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2018
					Outward	Inward						
YFY Paper Enterprise (Fuzhou) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	\$ 145,525 (US\$ 5,000 thousand)	a.(a)	\$ 43,658 (US\$ 1,500 thousand)	\$ -	\$ -	\$ 43,658 (US\$ 1,500 thousand)	\$ (2,203)	100.0	\$ (2,203) (Note 2)	\$ -	\$ -
YFY Paper Enterprise (Kunshan) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	320,155 (US\$ 11,000 thousand)	a.(a)	203,735 (US\$ 7,000 thousand)	-	-	203,735 (US\$ 7,000 thousand)	22,832	100.0	22,832 (Note 2)	513,004	-
YFY Paper Enterprise (Suzhou) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	203,735 (US\$ 7,000 thousand)	a.(a)	203,735 (US\$ 7,000 thousand)	-	-	203,735 (US\$ 7,000 thousand)	1,273	100.0	1,273 (Note 2)	163,848	-
YFY Paper Enterprise (Tianjin) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	232,840 (US\$ 8,000 thousand)	a.(a)	232,840 (US\$ 8,000 thousand)	-	-	232,840 (US\$ 8,000 thousand)	21,833	100.0	21,833 (Note 2)	710,522	-
YFY Paper Enterprise (Dongguan) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	174,630 (US\$ 6,000 thousand)	a.(a)	58,210 (US\$ 2,000 thousand)	-	-	58,210 (US\$ 2,000 thousand)	12,754	100.0	12,754 (Note 2)	387,009	-
YFY Paper Enterprise (Shanghai) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	232,840 (US\$ 8,000 thousand)	a.(a)	236,129 (US\$ 8,113 thousand)	-	-	236,129 (US\$ 8,113 thousand)	23,774	100.0	23,774 (Note 2)	234,410	-
YFY Paper Enterprise (Qingdao) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	232,840 (US\$ 8,000 thousand)	a.(a)	232,840 (US\$ 8,000 thousand)	-	-	232,840 (US\$ 8,000 thousand)	17,040	100.0	17,040 (Note 2)	863,524	-
YFY Paper Enterprise (Nanjing) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	289,857 (US\$ 9,959 thousand)	a.(a)	261,945 (US\$ 9,000 thousand)	-	-	261,945 (US\$ 9,000 thousand)	21,569	90.0	19,412 (Note 2)	289,781	-
YFY Paper Enterprise (Guangzhou) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	276,498 (US\$ 9,500 thousand)	a.(a)	218,288 (US\$ 7,500 thousand)	-	-	218,288 (US\$ 7,500 thousand)	27,249	93.8	25,546 (Note 2)	492,096	-
YFY Paper Enterprise (Xiamen) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	189,183 (US\$ 6,500 thousand)	a.(a)	189,183 (US\$ 6,500 thousand)	-	-	189,183 (US\$ 6,500 thousand)	8,458	100.0	8,458 (Note 2)	-	-
YFY Paper Enterprise (Zhongshan) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	174,630 (US\$ 6,000 thousand)	a.(a)	139,704 (US\$ 4,800 thousand)	-	-	139,704 (US\$ 4,800 thousand)	16,254	100.0	16,254 (Note 2)	837,626	-

(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 March 31, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2018
					Outward	Inward						
YFY Paper Enterprise (Jiaxing) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	\$ 145,525 (US\$ 5,000 thousand)	a.(a)	\$ 145,525 (US\$ 5,000 thousand)	\$ -	\$ -	\$ 145,525 (US\$ 5,000 thousand)	\$ 1,933	100.0	\$ 1,933 (Note 2)	\$ 153,739	\$ -
YFY Packaging (Yangzhou) Investment Co., Ltd.	Investment and holding and paper trading.	1,941,507 (US\$ 66,707 thousand)	a.(a)	1,950,035 (US\$ 67,000 thousand)	-	-	1,950,035 (US\$ 67,000 thousand)	(60,510)	100.0	(60,510) (Note 2)	675,994	-
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	6,539,748 (US\$ 224,695 thousand)	a.(b)	6,548,625 (US\$ 225,000 thousand)	-	-	6,548,625 (US\$ 225,000 thousand)	(153,244)	100.0	(153,244) (Note 2)	2,734,413	-
YFY Paper Mfg. (Jiangyin) Co., Ltd.	Manufacture, sale and print of cardboard and cardboard cases.	433,665 (US\$ 14,900 thousand)	a.(c)	407,645 (US\$ 14,006 thousand)	-	-	407,645 (US\$ 14,006 thousand)	8,150	94.0	7,661 (Note 6)	-	-
YFY Firstpak Packaging (Yangzhou) Co., Ltd.	General trade.	129,600 (US\$ 28,000 thousand)	a.(d)	-	-	-	-	(899)	70.0	(629) (Note 6)	1,100	-
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Development the technology of agricultural resource recycling.	232,840 (US\$ 8,000 thousand)	a.(c)	232,840 (US\$ 8,000 thousand)	-	-	232,840 (US\$ 8,000 thousand)	(3,434)	100.0	(3,434) (Note 6)	120,997	-
YFY Bio Technology (Yangzhou) Co., Ltd.	Manufacture, sale and print of cardboard.	13,886 (RMB 3,000 thousand)	a.(d)	-	-	-	-	(624)	49.5	(309) (Note 6)	2,426	-
Shenzhen Systax Paper Co., Ltd.	Sale of paper merchandise and import/export business.	14,811 (RMB 3,200 thousand)	a.(e)	-	-	-	-	4,957	100.0	4,957 (Note 6)	92,448	-
Kunshan YFY Advertising and Printing Co., Ltd.	To design, produce and act as agent releasing various domestic advertising and printing plate cum.	87,315 (US\$ 3,000 thousand)	a.(f)	-	-	-	-	(3,411)	100.0	(3,411) (Note 2)	-	-
Shanghai YFY Advertising and Printing Co., Ltd.	Prepress publications, publications printing, packaging printing, other printing, business card printing, and sale of paper and printing equipment.	9,257 (RMB 2,000 thousand)	a.(g)	-	-	-	-	(14)	51.0	(7) (Note 2)	132	-
Arizon RFID Technologies (Yangzhou) Co., Ltd.	Sale and design RFID products.	765,927 (US\$ 26,316 thousand)	a.(h)	739,034 (US\$ 25,392 thousand)	-	-	739,034 (US\$ 25,392 thousand)	140,100	95.0	133,094 (Note 6)	2,448,632	-
Yeon Technologies (Yangzhou) Co., Ltd.	Sale and design RFID products.	37,029 (RMB 8,000 thousand)	a.(i)	-	-	-	-	4	95.0	4 (Note 6)	49,190	-
YFY Jupiter (Shenzhen) Ltd.	Design and sale of paper.	4,075 (US\$ 140 thousand)	a.(j)	-	-	-	-	(648)	77.8	(504) (Note 6)	206,025	-

(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 March 31, 2018 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2018
					Outward	Inward						
Kunshan YFY Jupiter Green Packaging Ltd.	Design of packaging and sale of paper.	\$ 9,257 (RMB 2,000 thousand)	a.(k)	\$ -	\$ -	\$ -	\$ -	\$ 1,405	77.8	\$ 1,093 (Note 6)	\$ 77,466	\$ -
YFY Jupiter Supply Chain Management Services (Shenzhen) Limited	Design of packaging and sale of paper.	-	a.(k)	-	-	-	-	(1,089)	77.8	(847) (Note 6)	49,399	-
Chengdu JieLianDa Warehousing Co., Ltd.	Trading business.	6,943 (RMB 1,500 thousand)	a.(k)	-	-	-	-	(956)	27.2	(260) (Note 6)	1,837	-
ChengDu YongJunYu Environmental Protection packing Co., Ltd.	Trading business.	9,257 (RMB 2,000 thousand)	a.(k)	-	-	-	-	(1,307)	27.2	(356) (Note 6)	1,827	-
YFY Investment Co., Ltd.	Investment and holding and sale of paper.	3,347,075 (US\$ 115,000 thousand)	a.(l)	3,347,075 (US\$ 115,000 thousand)	-	-	3,347,075 (US\$ 115,000 thousand)	(16,272)	100.0	(16,272) (Note 2)	1,604,781	-
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkin.	873,150 (US\$ 30,000 thousand)	a.(m)	873,150 (US\$ 30,000 thousand)	-	-	873,150 (US\$ 30,000 thousand)	(1,813)	100.0	(1,813) (Note 2)	462,550	-
YFY Family Paper (Beijing) Co., Ltd.	Manufacture and sale of tissue paper and napkin.	1,018,675 (US\$ 35,000 thousand)	a.(m)	1,018,675 (US\$ 35,000 thousand)	-	-	1,018,675 (US\$ 35,000 thousand)	(7,437)	100.0	(7,437) (Note 2)	487,064	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkin.	873,150 (US\$ 30,000 thousand)	a.(m)	873,150 (US\$ 30,000 thousand)	-	-	873,150 (US\$ 30,000 thousand)	(4,768)	100.0	(4,768) (Note 2)	1,013,680	-
Shanghai YFY International Trade Co., Ltd.	Trading business.	4,629 (RMB 1,000 thousand)	b.(a)	4,629 (RMB 1,000 thousand)	-	-	4,629 (RMB 1,000 thousand)	(29)	100.0	(29) (Note 6)	-	-
Guangdong Ding Feng Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business.	2,492,261 (US\$ 85,630 thousand)	a.(n)	640,310 (US\$ 22,000 thousand)	-	-	640,310 (US\$ 22,000 thousand)	75,643	74.6	56,462 (Note 2)	3,853,072	-
Zhaoqing Ding Feng Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	636,817 (US\$ 21,880 thousand)	a.(o)	214,795 (US\$ 7,380 thousand)	-	-	214,795 (US\$ 7,380 thousand)	4,647	74.6	3,469 (Note 6)	2,278,736	-
YFY (Shanghai) Financial Services Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform.	231,429 (RMB 50,000 thousand)	a.(p)	231,429 (RMB 50,000 thousand)	-	-	231,429 (RMB 50,000 thousand)	990	78.9	781 (Note 6)	241,279	-
Kunshan Actview Carbon Technology Co., Ltd.	Research and development, manufacture, and sale of activated carbon and related products.	36,672 (US\$ 1,260 thousand)	b.(b)	24,332 (US\$ 836 thousand)	-	-	24,332 (US\$ 836 thousand)	1,087	66.4	721 (Note 6)	30,241	-

(Continued)

Accumulated Investment in Mainland China as of March 31, 2018 (Notes 1 and 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
\$16,302,865	\$19,574,878	\$37,069,713

Note 1: Except for investment gain or loss which use exchange rates of US\$1=NT\$29.300333 or RMB1=NT\$4.608275 or EUR1=NT\$36.01, the exchange rates are US\$1=NT\$29.105 or RMB1=NT\$4.628584 or EUR1=NT\$35.87 as of March 31, 2018.

Note 2: Recognized from 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 export from Taiwan in the end of year: Guangdong Ding Feng Pulp & Paper Co., Ltd. and YFY Paper Enterprise (Guangzhou) Co., Ltd. are capitalization of retained earnings; YFY Paper Enterprise (Zhongshan) Co., Ltd., YFY Paper Enterprise (Kunshan) Co., Ltd., YFY Paper Enterprise (Dongguan) Co., Ltd. and YFY Paper Enterprise (Fuzhou) Co., Ltd. are subsidiaries reinvested earnings from China. YFY Jupiter (Shenzhen) Ltd. is indirect acquired due to the acquirement of YFY Jupiter (BVI) Inc.

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

a. Investment in mainland China through companies set up in another company. The related investees are as follow:

(a) YFY Mauritius Corp. (b) YFY Maruitius Corp. and YFY Packaging (Yangzhou) Investment Co., Ltd. (c) YFY International BVI Corp. (d) Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd. (e) 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., Ltd. (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 investor is San Ying Enterprise Co., Ltd.

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

Note 5: In calculating the accumulated outward remittance for investment, the reinvestment amount of \$2,968,651 thousand made by investor 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., 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 in preparing the consolidated financial statements.

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

(Concluded)

YFY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 191,920	By market price	1.1
			The same ultimate parent company	Accounts receivable	123,661	3 months after transaction month	0.1
		Chung Hwa Pulp Corporation		Sales	444,892	By market price	2.5
			Accounts receivable	332,997	2 months after transaction month	0.3	
2	Chung Hwa Pulp Corporation	YFY Capital Co., Ltd.	The same ultimate parent company	Sales	230,285	By market price	1.3
			The same ultimate parent company	Sales	222,670	By market price	1.2
		Shenzhen Systax Paper Co., Ltd.		Accounts receivable	544,098	5 months after transaction month	0.5
			Yuen Foong Yu Consumer Products Co., Ltd.	The same ultimate parent company	Sales	201,468	By market price
		Union Paper Co., Ltd.		The same ultimate parent company	Accounts receivable	209,862	2 months after transaction month
			Sales	321,316	By market price	1.8	
Accounts receivable	120,448	1 month after transaction month	0.1				
3	Shin Foong Specialty and Applied Materials Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Accounts receivable	102,006	4 months after transaction month	0.1
4	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	340,585	By market price	1.9
5	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd. Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales	135,374	By market price	0.8
			Subsidiary	Sales	427,723	By market price	2.4
				Accounts receivable	257,134	In agreed terms	0.2
6	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	595,875	By market price	3.3
7	YFY Family Paper (Beijing) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	182,880	By market price	1
8	YFY (Shanghai) Financial Services Co., Ltd.	YFY Firstpak Packaging (YangZhou) Co., Ltd.	The same ultimate parent company	Accounts receivable	124,448	In agreed terms	0.1
9	YFY Packaging (Yangzhou) Investment Co., Ltd.	YFY Paper Mfg. (Yangzhou) Co., Ltd. YFY Paper Enterprise (Guangzhou) Co., Ltd. YFY Paper Enterprise (Tianjin) Co., Ltd. YFY Paper Enterprise (Xiamen) Co., Ltd.	The same ultimate parent company	Accounts receivable	1,732,724	In agreed terms	1.5
			The same ultimate parent company	Sales	122,357	By market price	0.7
				The same ultimate parent company	Sales	153,976	By market price
			The same ultimate parent company	Sales	102,741	By market price	0.6
10	YFY International BVI Corp.	YFY Investment Co., Ltd.	The same ultimate parent company	Accounts receivable	587,618	In agreed terms	0.5

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
11	Yuen Foong Yu Consumer Products Co., Ltd.	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 251,398 220,165	By market price In agreed terms	1.4 0.2
12	Guangdong Ding Feng Pulp & Paper Co., Ltd.	YFY Investment Co., Ltd.	The same ultimate parent company	Sales Accounts receivable	244,211 149,323	By market price 2 months after transaction month	1.4 0.1
13	Zhaoqing Ding Feng Forestry Ltd.	Guangdong Ding Feng Pulp & Paper Co., Ltd.	Parent company	Accounts receivable	218,346	In agreed terms	0.2
14	Eihoyo Shoji Co., Ltd.	Chung Hwa Pulp Corporation	The same ultimate parent company	Sales	131,891	By market price	0.7
15	YFY Paper Mfg. (Yangzhou) Co., Ltd.	YFY Paper Enterprise (Nanjing) Co., Ltd. YFY Paper Enterprise (Shanghai) Co., Ltd. YFY Paper Enterprise (Suzhou) Co., Ltd. YFY Paper Enterprise (Guangzhou) Co., Ltd.	The same ultimate parent company The same ultimate parent company The same ultimate parent company The same ultimate parent company	Sales Accounts receivable Sales Sales	125,270 122,120 123,443 115,112	By market price In agreed terms By market price By market price	0.7 0.1 0.7 0.6
16	Ever Growing Agriculture Biotech Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	Parent company	Accounts receivable	119,841	In agreed terms	0.1

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

(Concluded)