KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

KWONG FONG INDUSTRIES CORPORATION

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATE

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2022.

Very truly yours,

Kwong Fong Industries Corporation

By:

March 24, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Kwong Fong Industries Corporation

Introduction

We have audited the accompanying consolidated balance sheets of Kwong Fong Industries Corporation and its subsidiaries (collectively referred herein as the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Measurement of Financial Assets at Fair Value of Fulcrest Limited

<u>Explanation of Items</u>

Regarding the accounting policy for measuring financial assets at fair value through other comprehensive income, please refer to the consolidated financial statement in Note 4 (8); for the estimations and assumptions of financial assets, please refer to the consolidated financial statement in Note 5; and for the explanation of the accounting item for financial assets measured at fair value through other comprehensive income, please refer to the consolidated financial statement in Note 6 (3).

As of December 31, 2022, the amount of Kwong Fong Industries Group of Companies and its subsidiaries' s financial assets measured at fair value through other comprehensive income is NT$3,044,936 thousands, which represents 68% of total consolidated assets, of which Fulcrest Limited, a Hong Kong-based company, accounts for at fair value of NT$1,348,096 thousands. As the assumptions used in the fair value evaluation are subjective and uncertain, and the results have a significant impact on the consolidated financial statement, the accountant has identified Fulcrest Limited's measurement of the fair value of its financial assets as one of the year's most important audited items.

<u>How our audit addressed the matter</u>

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Investigate and assess the management's policy and evaluation procedures for financial assets measured at fair value through other comprehensive

income.

2. Obtain and evaluate the value of the stock right evaluation report issued by an external evaluation expert appointed by the management, including determining the independence, competence, and objectivity of the external evaluation expert
3. The evaluation model used in the value of stock right evaluation report is generally used where it is appropriate.
4. Evaluate the applicability and validity of the key assumptions used in the value of stock right evaluation report.
5. Ensure that the value of the stock right evaluation report's fair value corresponds to the carrying amount.

Accuracy of recognition of revenue from information software service.

Description

Please refer to Note 4(28) of the financial statements for accounting policies on revenue recognition, Note 5 for accounting Estimate on revenue recognition and Note 6(22) for details of operating revenue.

The operating income of Kwong Fong Industries Group of Companies and its subsidiaries is primarily comprised of revenue from information software services, shopping malls, and construction. The information software service revenue in 2022 amounted to NT$247,500 thousands, accounting for 99% of its operating income in 2022. During the period of financial reporting, revenue from information software services is recognized based on the percentage of completion method for contractually agreed-upon services provided to clients. As of the balance sheet date, the percentage of completion is based on the engaged time proportion of the total estimated hours contracted. Due to the subjective nature of the management's assessment of the degree of completion, the accountant has ranked the accuracy of software service revenue recognition as one of the year's most important audited items.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Understand the company's operations and the nature of the industry in order to evaluate the reasonableness of the policy on recognition of revenue from information software service and related internal controls, as well as confirm compliance with the applicable financial reporting structure.
2. Understand the process involved in the recognition of revenue from information software service and test-related internal control, including obtaining project cost details, random inspection of the engaged time list and project estimation table, confirming the ratio of engaged time, and ensuring the justification for the percentage of completion calculation.
3. Verify the accuracy of the information in the report used by the management to calculate revenue from information software services. Verify the client's contract prices, services rendered, and payment collection terms. Recalculate the correctness of the timing and amount of revenue recognized based on the degree of completion and verify that it corresponds to the carrying amount.

Other matter – Parent company only financial reports

We have audited the parent company only financial statement of Kwong Fong Industries Corporation Limited as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion with explanatory paragraph thereon.

Responsibilities of management and those charged with governance for 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group.

3. Evaluate the appropriateness of accounting policies used and the

reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lai, Chung-Hsi Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2023

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	ASSETS	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	$ 311,144	7	$ 301,622	8
1110	Financial assets at fair value through profit or loss - current	6(2)	15,638	-	14,651	-
1136	Financial assets at amortized cost - non-current	6(4)	19,000	1	213,500	6
1140	Contract assets- current	6(22)	11,617	-	23,941	1
1170	Accounts receivable, net	6(5)	21,637	1	30,288	1
1180	Receivables from related parties, net	7	-	-	16,964	-
1200	Other receivables	6(7)(12)	55,648	1	10,601	-
1220	Income tax assets		421	-	151	-
130X	Inventories	6(6) and 8	647,406	14	647,406	17
1410	Prepayments		3,988	-	887	-
1460	Non-current assets held for sale, net	6(12)	-	-	-	-
1470	Other current assets	8	5	-	4,743	-
11XX	Total current assets		1,086,504	24	1,264,754	33
	NONCURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income-noncurrent	6(3) and 8	3,044,936	68	2,170,975	56
1600	Property, plant and equipment	6(7) and 8	35,768	1	86,066	2
1755	Right-of-use assets	6(8)	39,405	1	50,213	1
1780	Intangible assets	6(10)	74,395	2	82,916	2
1840	Deferred income tax assets	6(29)	153,410	3	164,465	4
1900	Other noncurrent assets	6(11)	59,183	1	56,534	2
15XX	Total noncurrent assets		3,407,097	76	2,611,169	67
1XXX	Total assets		$ 4,493,601	100	$ 3,875,923	100

(Continued)

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities					
2100	Short-term loans	6(13) and 8	$ -	-	$ 58,000	2
2130	Current contract liabilities	6(22) and 7	22,143	1	22,062	1
2150	Notes payable		24	-	-	-
2170	Accounts payable	6(14)	7,743	-	8,366	-
2180	Payables to related parties	7	-	-	16	-
2219	Other payables		38,865	1	42,647	1
2230	Income tax payable		169	-	4,081	-
2250	Provision-Current	6(17)	114	-	557	-
2280	Lease liabilities-Current		14,056	-	13,246	-
2320	Long-term liabilities - current portion	6(15) and 8	13,766	-	7,644	-
2399	Other current liabilities		2,368	-	2,346	-
21XX	Total current liabilities		99,248	2	158,965	4
	Noncurrent liabilities					
2527	Non-current contract liabilities	6(22)	-	-	228	-
2540	Long-term bank loans	6(15) and 8	564,541	12	71,580	2
2550	Provision-Noncurrent	6(17)	-	-	101	-
2570	Deferred income tax liabilities	6(29)	125,399	3	126,258	3
2580	Non-current lease liabilities		26,236	1	38,143	1
2600	Other noncurrent liabilities		1,088	-	1,089	-
25XX	Total noncurrent liabilities		717,264	16	237,399	6
2XXX	Total liabilities		816,512	18	396,364	10
	EQUITY					
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
	Capital	6(18)				
3110	Capital stock		1,853,422	41	1,853,422	48
	Capital surplus	6(19)				
3200	Capital surplus		43,767	1	43,786	1
	Retained earnings	6(20)				
3310	Appropriated as legal capital reserve		406,305	9	373,094	10
3320	Appropriated as special capital reserve		76,450	2	76,450	2
3350	Unappropriated earnings		940,173	21	972,129	25
	Other equity interest	6(21)				

The accompanying notes are an integral part of these consolidated financial statements

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

3400	Other equity interest			290,553	6		87,915	2
31XX	Equity attributable to shareholders of the parent			3,610,670	80		3,406,796	88
36XX	NON-CONTROLLING INTERESTS			66,419	2		72,763	2
3XXX	Total equity			3,677,089	82		3,479,559	90
	Significant Contingent Liabilities And Unrecognized Contract Commitments	9						
	Significant Events After The Balance Sheet Date	11						
3X2X	Total liabilities and equity		$	4,493,601	100	$	3,875,923	100

The accompanying notes are an integral part of these consolidated financial statements

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Net revenue	6(22) and 7	$ 249,391	100	$ 236,931	100
5000	Cost of revenue	6(27) and 7	(182,848)	(73)	(165,460)	(70)
5900	Gross profit		66,543	27	71,471	30
	Operating expenses	6(27)(28)				
6100	Selling expenses		(1,393)	(1)	(11,459)	(5)
6200	General and administrative		(113,446)	(45)	(109,395)	(46)
6450	Expected credit loss (gain)	6(27) and 12(2)	187	-	(5,263)	(2)
6000	Total operating expenses		(114,652)	(46)	(126,117)	(53)
6900	Income(Loss) from operations		(48,109)	(19)	(54,646)	(23)
	Non-operating income and expenses					
7100	Interest income	6(23)	1,682	1	1,688	1
7010	Other income	6(24)	247,240	99	147,485	62
7020	Other gains and losses, net	6(25)	(83,273)	(34)	(264)	-
7050	Finance costs	6(26)	(10,544)	(4)	(7,657)	(3)
7000	Total non-operating income and expenses		155,105	62	141,252	60
7900	Profit before income tax		106,996	43	86,606	37
7950	Income tax expense	6(29)	(10,740)	(4)	(13,901)	(6)
8000	Continuing operations Profit for the year		96,256	39	72,705	31
8100	Discontinued Operations Profit for the year	6(12)	-	-	8,559	4
8200	Profit for the year		$ 96,256	39	$ 81,264	35

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	$ 90,045	36	($ 110,531)	(47)
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	6(29)	(12,855)	(5)	14,634	6
8310	Components of other comprehensive income that will not be reclassified to profit or loss		77,190	31	(95,897)	(41)
	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(21)	125,448	50	(31,410)	(13)
8300	Other comprehensive income (loss), net of income tax		$ 202,638	81	($ 127,307)	(54)
8500	Total comprehensive income for the year		$ 298,894	120	($ 46,043)	(19)
	Profit attributable to:					
8610	Shareholders of the parent		$ 94,462	38	$ 81,863	35
8620	Non-controlling interests		1,794	1	(599)	-
	TOTAL		$ 96,256	39	$ 81,264	35
	Comprehensive income attributable to:					
8710	Shareholders of the parent		$ 297,100	119	($ 45,444)	(19)
8720	Non-controlling interest		1,794	1	(599)	-
	Total		$ 298,894	120	($ 46,043)	(19)
	Basic earnings per share (in dollars)	6(30)				
9710	Continuing operations Profit (Loss)		$	0.51	$	0.39
9720	Discontinued Operations Profit (Loss)			-		0.05
9750	Basic earnings per share		$	0.51	$	0.44
	Diluted earnings per share (in dollars)	6(30)				
9810	Continuing operations Profit (Loss)		$	0.51	$	0.39
9820	Discontinued Operations Profit (Loss)			-		0.05
9850	Diluted earnings per share		$	0.51	$	0.44

The accompanying notes are an integral part of these consolidated financial statements

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings			Others				
	Notes	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capita Reserve	Unappropriated Earnings	Financial statements translation differences of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
Year 2021											
Balance at January 1, 2021		$1,853,422	$ 43,822	$ 373,094	$ 326,700	$ 732,687	$ 38,358	$ 176,864	$ 3,544,947	$ 72,790	$ 3,617,737
Profit for the year		-	-	-	-	81,863	-	-	81,863	(599)	81,264
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	(31,410)	(95,897)	(127,307)	-	(127,307)
Total comprehensive income (loss)		-	-	-	-	81,863	(31,410)	(95,897)	(45,444)	(599)	(46,043)
Appropriation of 2020 earnings											
Cash dividends to shareholders	6(20)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)
Reversal of special reserve	6(20)	-	-	-	(250,250)	250,250	-	-	-	-	-
Dividends paid to unclaimed by shareholders with claim period elapsed	6(19)	-	(36)	-	-	-	-	-	(36)	-	(36)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	572	572
Balance at December 31, 2021		$1,853,422	$ 43,786	$ 373,094	$ 76,450	$ 972,129	$ 6,948	$ 80,967	$ 3,406,796	$ 72,763	$ 3,479,559
Year 2022											
Balance at January 1, 2022		$1,853,422	$ 43,786	$ 373,094	$ 76,450	$ 972,129	$ 6,948	$ 80,967	$ 3,406,796	$ 72,763	$ 3,479,559
Profit for the year		-	-	-	-	94,462	-	-	94,462	1,794	96,256
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	125,448	77,190	202,638	-	202,638
Total comprehensive income (loss)		-	-	-	-	94,462	125,448	77,190	297,100	1,794	298,894

按一下這裡以輸入文字。The accompanying notes are an integral part of these consolidated financial statements.

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings			Others				
	Notes	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capita Reserve	Unappropriat ed Earnings	Financial statements translation differences of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
Appropriation of 2021 earnings											
Legal reserve	6(20)	-	-	33,211	-	(33,211)	-	-	-	-	-
Cash dividends to shareholders	6(20)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)
Adjustments to share of changes in equity of associates and joint ventures		-	-	-	-	(536)	-	-	(536)	-	(536)
Dividends unclaimed by shareholders with claim period elapsed	6(19)	-	(19)	-	-	-	-	-	(19)	-	(19)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(8,138)	(8,138)
Balance at December 31, 2022		$ 1,853,422	$ 43,767	$ 406,305	$ 76,450	$ 940,173	$ 132,396	$ 158,157	$ 3,610,670	$ 66,419	$ 3,677,089

按一下這裡以輸入文字。The accompanying notes are an integral part of these consolidated financial statements.

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
ASH FLOWS FROM OPERATING ACTIVITIES			
Continuing operations Profit before income tax		$ 106,996	$ 86,606
Discontinuing operations Profit before income tax		-	282,898
Profit before tax		106,996	369,504
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(27)	17,095	17,573
Amortization expense	6(27)	11,876	9,002
Expected credit losses recognized (reversal) on investments in debt instruments	6(27)	(187)	5,263
Net gain on financial assets at fair value through profit or loss	6(25)	5,268	(2,211)
Interest expense	6(26)	10,544	26,505
Interest income	6(23)	(1,682)	(1,688)
Dividend income	6(24)	(226,704)	(138,459)
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(25)	(6,746)	477
Gain on disposal of non-current assets held for sale	6(25)	-	(319,577)
Evaluation of unrealized exchange losses on foreign currency loans	6(32)	12,852	-
Gain on lease modification	6(25)	(350)	(14)
Reversal of write-down of inventories	6(6)	-	(16,516)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Contract assets		12,324	(23,941)
Accounts receivable		8,838	37,618
Receivables from related parties		16,964	544
Other receivables		7,609	308
Inventories		-	30,753
Prepayments		(3,101)	98,237
Changes in operating liabilities			
Contract liabilities		(147)	21,578
Notes payable		24	(305)
Accounts payable		(623)	4,919
Payables to related parties		(16)	(432)
Other payables		(11,737)	(21,492)
Other payables to related parties		(54)	(46)
Provision		(544)	(2,790)
Other current liabilities		394	(2,845)
Cash (out)inflow generated from operations		(41,107)	91,965
Interest received		1,553	1,688
Cash dividend received		226,704	138,459
Interest paid		(2,540)	(25,597)
Income tax paid		(17,011)	(7,203)
Net cash generated by operating activities		167,599	199,312

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 698,419)	($ 1,034,320)
Proceeds from capital reduction of financial assets at fair value through profit or loss	6(3)	39,349	-
(Increase) decrease in financial assets at amortised cost	6(4)	194,500	(191,950)
Acquisition of financial instruments at fair value through profit or loss		(339,406)	(113,129)
Disposal of financial instruments at fair value through profit or loss		336,328	113,055
Disposal of non-current assets held for sale	6(12)	-	4,551,337
Payment of land appreciation tax on disposal of non-current assets to be sold	6(12)	-	(383,350)
Acquisition of property, plant and equipment	6(31)	(153)	(6,186)
Disposal of property, plant and equipment		-	251
Increase in refundable deposits paid		(13,734)	(46,000)
Decrease in refundable deposits paid		9,325	29,815
Acquisition of intangible assets	6(31)	(4,459)	(16,189)
Decrease in other financial assets - current		4,738	40,087
Increase in other non-current assets		(317)	(1,763)
Net cash generated by (used in) investing activities		(472,248)	2,941,658
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(32)	(58,000)	(84,850)
Decrease in short-term bills payable	6(32)	-	(160,000)
Proceeds from long-term bank loans	6(32)	591,236	323,844
Repayment of long-term bank loans	6(32)	(105,005)	(3,109,155)
Decrease in guarantee deposits received	6(32)	(1)	(39,658)
Repayment of the principal portion of lease liabilities	6(32)	(13,352)	(13,569)
Cash dividends		(95,964)	(92,671)
Expired unclaimed dividends transferred to capital surplus	6(19)	(19)	(36)
Subsidiary cash reduction		(4,900)	-
Net cash generated by (used in) financing activities		313,995	(3,176,095)
Effect of exchange rate changes		176	(131)
Net increase(decrease) in cash and cash equivalents		9,522	(35,256)
Cash and cash equivalents at beginning of year		301,622	336,878
Cash and cash equivalents at end of year		$ 311,144	$ 301,622

The accompanying notes are an integral part of these consolidated financial statements

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1 。GENERAL

Kwong Fong Industries Group of Companies (henceforth the "Company") was established in June 1968. The company and its subsidiary's (henceforth collectively referred to as the "Group") main business items include housing and building development and rental, real estate business, mall management, information software services, electronic information supply services, and so on. On April 20, 1976, KF's shares were listed on the Taiwan Stock Exchange (TWSE).

2 。THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 24, 2023.

3 。APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1).Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC") New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2). Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group.

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3). Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-Current’	January 1, 2024
Amendments to IAS 1, ‘Non-current li abilities with covenants’	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4。SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1).Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

(2).Basis of Preparation

A.Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a).Financial assets at fair value through profit or loss (Including derivative financial instruments).

(b).Financial assets at fair value through other comprehensive income.

B.The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3).Basis of Consolidation

A.The basis for the consolidated financial statements

(a).All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b).Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c).Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non- controlling interests having a deficit balance.

(d).Changes in a parent' s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e).When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B.The subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Company	Pao Fong Asset Management Co., Ltd.	Asset Management	100%	100%	-
〃	Kwong Fong Holdings Limitd	General investment activities	100%	100%	-
〃	Mdbs Digital Technology Co., Ltd.	Service of software	51%	51%	-
〃	Galaxy Digital Co., Ltd.	Service of software	51%	51%	〃
Mdbs Digital Technology Co., Ltd.	MDevelop Technology Co., Ltd.	Service of software	100%	100%	Note1
Galaxy Digital Co., Ltd.	Thunder Wind Co.,Ltd	Service of software	51%	51%	-
〃	Peter Rich Co.,Ltd	Service of software	51%	51%	Note3
〃	Red Storm Co.,Ltd	Service of software	51%	51%	Note3
〃	Digital Securities Investment Consultant Co., Ltd.	Securities investment consultant	100%	-	Note2

Note 1: The Group modified its investment structure on June 1, 2022. MDBS Digital Technology Co., Ltd., a subsidiary of the Group, absorbed and merged MDevelop Technology Co., Ltd. and MDBS Digital Technology Co., Ltd. to create the surviving company.

Note 2: Digital Securities Investment Consulting Co., Ltd. was founded on May 16, 2022.

Note 3: On June 30 and July 29, 2022, Peter Rich Co., Ltd. and Red Storm Co., Ltd. filed for liquidation, respectively. The Galaxy Digital Co., Ltd., a subsidiary of the Group, acquired the original undertakings of the two companies via business transfer.

C. Subsidiary not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4).Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A.Foreign currency transactions and balances

(a).Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b).Monetary assets and liabilities denominated in foreign currencies at the period end are re- translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c).Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d).All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B.Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a). Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b). Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c). All resulting exchange differences are recognised in other comprehensive income.

(5). Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a). Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle.

(b). Assets held mainly for trading purposes.

(c). Assets that are expected to be realised within twelve months from the balance sheet date.

(d). Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a). Liabilities that are expected to be settled within the normal operating cycle.

(b). Liabilities arising mainly from trading activities.

(c). Liabilities that are to be settled within twelve months from the balance sheet date.

(d). Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6). Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7).Financial assets at fair value through profit or loss

A.Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B.On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C.At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D.The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8).Financial assets at fair value through other comprehensive income

A.Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a).The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets;

(b).The assets’ contractual cash flows represent solely payments of principal and interest.

B.On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C.At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as other income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9).Financial assets at amortised cost

A.Financial assets at amortised cost are those that meet all of the following criteria:

(a).The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b).The assets’ contractual cash flows represent solely payments of principal and interest.

B.On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C.The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10).Notes, accounts and receivables

A.Notes and account receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B.The short-term notes receivable, accounts receivable and other receivables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11).Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12).Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(13).Operating leases (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14).Inventories

The inventories include "land held for construction", "construction in progress", and "buildings and land held for sale" are initially recorded at cost. The Consolidated Company's inventory is measured at the lower of cost and net realisable value, adopts an item-by-item approach in comparing cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course, less the estimated cost of goods available for sales and applicable variable selling expenses.

(15).Non-current assets held for sale and discontinued business unit

A. Non-current assets held for sale

When the carrying amount of a non-current asset is anticipated to be recovered primarily through sale transactions as opposed to continued use, and the asset will probably be sold, it is classified as an asset held for sale and measured at its lower book value and fair value minus the cost of sale.

B. Discontinued business unit

Any Group component, such as a subsidiary acquired for resale or a primary business line or area of operation, that has been disposed of or will be sold is considered a discontinued business unit. An operating unit is categorized as a discontinued business unit in an earlier period of time when it is sold or meets the requirements for sale.

(16).Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B.Subsequent costs are included in the asset’ s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C.Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D.The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 ~ 55 years
Office equipment 築 0	3 ~ 5 years
Other equipment 築 0	3 ~ 5 years
Leasehold Improvements	2 ~ 5 years

(17).Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A.Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low- value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B.Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18). Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Patents amortised on a straight-line basis over its estimated useful life of 10 years.

D. Customer relationship has a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 3 ~ 4 years.

E. Technological expertise amortised on a straight-line basis over its estimated useful life of 15 years

(19). Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C.For the purposes of impairment testing, goodwill is allocated to each of the Group' s cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

(20).Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short- term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21).Notes, accounts and payable

Accounts payable are liabilities for purchases of raw materials, goods or services. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22).Derecognition of financial liabilities

Financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23).Provisions

Provisions (including contract liabilities) for war liability are recognized when the Group h4as a present legal or constructive obligation as a result of past rvrnts, an it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(24).Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B.Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C.Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25).Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B.The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26). Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27). Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28). Revenue recognition

A. Income from rentals

The Group divides the mall’s booths so that manufacturers can establish trading locations. According to the contract, the Group either charges manufacturers a fixed fee or determines rental income based on the turnover of specific manufacturers and the predetermined ratio.

B. Services revenue

The Group manages shopping malls services. Services revenue is recognized when service is provided to customers within the reporting period.

C. Land development and sale.

The Group conducts its business in land development and sale of residential buildings, revenue is recognized when the control of the property has been transferred to the customer. For a signed residential contract, due to restrictive terms set out in the contract, the Group retains no continuing involvement of the associated property. Only if the legal ownership of property has been transferred to the customer, the Group will have the right to the contract consideration. Thus, revenue is recognized when the legal ownership has been transferred to the customer.

D. Revenue from information software services

(a).The Group provides the design, importation, and maintenance of information software and related services. Revenue from services is recognized as income during the period of financial reporting when services are provided to clients. Revenue is recognized in the ratio of services provided accounting for all services that should be provided as of the balance sheet date. The contract price is paid by the client as per the payment schedule established in the contract. A contract asset is recognized when the value of the Group’ s service exceeds the accounts receivables. A contract liability is recognized when the accounts receivables exceed the Group’ s service.

(b).The Group's estimations for revenue, costs and stage of completion are adjusted accordingly. Any variation of estimated revenue or costs arising from change of estimations isreflected in profit or loss in the period when the condition for change of estimation is made known to the management.

(29).Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30).Operating segments

The Group’ s operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5 。CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group' s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1).Critical judgements in applying the Group' s accounting policies

Revenue recognition

The Group decides whether the promise to the client is its own performance obligation to provide certain goods or services (i.e., the Group is in charge) or whether it is an arrangement for another party to provide such goods or labor performance obligations based on the type of transaction and its economic substance (i.e. the Group acts as a proxy). When the Group controls specific goods or services prior to transferring them to a client, it is in charge, and the total amount of consideration expected to be entitled to the transfer of specific goods or services is recorded as revenue. If the Group does not have control over the particular goods or services before they are transferred to the client, it acts as the other party' s agent and makes arrangements for them to be provided to the client, and is then entitled to payment from the latter. Commissions and fees are regarded as earnings.

The Group decides whether certain goods or services are controlled before being transferred to the client based on the following indicators:

a.The Group is principally in charge of providing the specific goods or services as promised.

b.The Group takes on inventory risk before specific goods or services are delivered to the client or after the transfer of control.

(2).Critical accounting estimates and assumptions

Financial assets at fair value through other comprehensive income - the shares of unlisted companies measured at fair value.

The Group' s investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. Please refer to Note 12 (2) for the details of fair value of financial instruments.

The carrying amount of the group’ s unlisted TWSE/TPEx stocks with no active market was NT$1,375,254 as of December 31, 2022.

6。DETAILS OF SIGNIFICANT ACCOUNTS

(1).Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 1,446	$ 2,333
Checking accounts and demand deposit	84,298	299,289
Time deposits	225,400	-
	$ 311,144	$ 301,622

A.The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B.Details of the Group’ s Cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2).Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items：		
Mandatorily measured at FVTPL		
Listed (TSE) stocks	$ 8,472	$ 5,287
Derivative financial instruments	9,255	9,546
	17,727	14,833
Valuation adjustment	(2,089)	(182)
Total	$ 15,638	$ 14,651

A. Amounts recognised in profit or loss in relation to the Financial assets at fair value through profit or loss are listed below：

Items	Year ended December 31, 2022	Year ended December 31, 2021
Mandatorily measured at FVTPL		
Equity instruments	($ 724)	($ 563)
Derivative financial instruments	(4,544)	2,774
	($ 5,268)	$ 2,211

B. The following explains the Group' s participation in transactions and contract information on derivative financial assets for which hedge accounting is inapplicable:

	December 31, 2022	
	contract amount (Nominal principal)	Contracts period
Current items：		
Futures trading	$ 9,255	2022.11.11~2023.9.30

	110 年 12 月 31 日 December 31, 2021	
	contract amount (Nominal principal)	Contracts period
Current items：		
Futures trading	$ 9,546	2021.12.15~2022.1.19

Futures trading

Stock index futures, which are used to obtain a price differential, make up the Group' s futures contract.

On December 31, 2022 and 2021, respectively, the retained margin balances in futures accounts were $47,539 and $44,840, while the excess margin balances were $38,284 and $35,294.

C.The amount of dividend income recognized in profit or loss for financial assets at fair value through profit or loss in 2022 and 2023 was NT$88 and NT$77, respectively.

(3).Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items：		
Equity instruments		
Foreign listed stocks	$ 1,205,469	$ 600,516
Foreign unlisted shares		
Hong Kong Fulcrest Limited	1,079,212	1,079,212
Other	16,000	16,000
Listed (TSE) stocks	527,270	433,804
Unlisted stocks	9,954	49,303
Valuation adjustment	161,051	71,006
Effect of exchange rate changes	45,980	(78,866)
Total	$ 3,044,936	$ 2,170,975

A.The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $3,044,936 and $2,170,975 as at December 31, 2022 and 2021, respectively.

B.The amount of financial assets at fair value through other comprehensive income in 2021 and 2020 was $90,045 and ($110,531), respectively.

C.The amount of dividend income recognized in profit or loss for financial assets at fair value through other comprehensive income in 2022 and 2023 was NT$226,616 and NT$138,382, respectively.

D. On May 20, 2022, for the Seaward Wool Textile Co., Ltd. unlisted TWSE/TPEx stocks held by the Group, a resolution was reached on the "cash capital reduction and return of shares" case at the shareholders' meeting, accounting for $39,349 recovered by the group.

E.The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT$3,044,936 and NT$2,170,975 for financial assets at fair value through other comprehensive income, as of December 31, 2021 and 2020, respectively.

F.Details of the Group’ s financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

(4).Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items：		
Time deposits exceeding 3 months	$ 19,000	$ 213,500

A.The Group has determined that none of the abovementioned financial assets pose a significant expected credit risk.

B.As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $213,500 and $21,500 respectively.

(5).Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 21,842	$ 30,503
Less: Allowance for bad debts	(205)	(215)
	$ 21,637	$ 30,288

A.The ageing analysis of accounts receivable and notes receivable are as follows：

	December 31, 2022	December 31, 2021
Not past due	$ 21,208	$ 27,923
Past due within 30 days	67	-
31 to 90 days	567	2,580
	$ 21,842	$ 30,503

The above ageing analysis was based on past due date.

B.As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables from contracts with customers. At January 1, 2021 amounted to $ 73,630.

C.Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6).Inventories

	December 31, 2022	December 31, 2021
Real property for sale	$ 147,382	$ 147,382
Land held for construction site	500,024	500,024
Total	$ 647,406	$ 647,406

A.Real property for sale

	December 31, 2022	December 31, 2021
Dazhi Section of Bade City	$ 17,811	$ 17,811
Tamsui Shulinkou section	258,458	258,458
Taode Section and Qiancheng Section of Bade City	1,029	1,029
Taoyuan City Middle Road Section	666	666
Subtotal	277,964	277,964
Less: Allowance for valuation losses	(130,582)	(130,582)
Total	$ 147,382	$ 147,382

B.Land held for construction site

	December 31, 2022	December 31, 2021
Land held for construction site	$ 509,757	$ 509,757
Less: Allowance for valuation losses	(9,733)	(9,733)
Total	$ 500,024	$ 500,024

C.The cost of inventories recognized as expense for the Current period is as follows :

	Year ended December 31, 2022	Year ended December 31, 2021
cost of selling premises	$ -	$ 30,753
Inventory Turnover Benefit	-	(16,516)
Leases cost	48	48
Total	$ 48	$ 14,285

D. A portion of the Group' s available property inventory was sold in 2021, resulting in a reversal in inventory amounting to $16,516.

E.Information relating to the Group' s inventories pledged to others as collaterals are provided in Note 8.

(7).Property, plant and equipment

2022

	Land	Buildings	Office equipment	Others equipment	Lease asset	Leasehold Improvements	Total
At January 1							
	$ 66,313	$ 12,132	$ 8,510	$ 462	$ 2,442	$ 10,362	$ 100,221
Accumulated depreciation	-	(2,360)	(6,748)	(462)	(886)	(3,699)	(14,155)
	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066
At January 1	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066
Additions	-	-	-	153	-	-	153
Disposals	(43,824)	(3,825)	-	-	-	-	(47,649)
Accumulated depreciation on disposal date	-	880		-	-	-	880
Depreciation	-	(392)	(729)	(23)	(49)	(2,489)	(3,682)
At December 31	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768
At December 31							
Cost	$ 22,489	$ 8,307	$ 8,510	$ 615	$ 2,442	$ 10,362	$ 52,725
Accumulated depreciation	-	(1,872)	(7,477)	(485)	(935)	(6,188)	(16,957)
	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768

	2021						
	Land	Buildings	Office equipment	Others equipment	Lease asset-	Leasehold Improvements	Total
At January 1							
Cost	$ 66,313	$ 11,584	$ 22,802	$ 2,680	$ 2,442	$ 5,670	$ 111,491
Accumulated depreciation	-	(1,872)	(20,505)	(2,660)	(838)	(1,696)	(27,571)
	$ 66,313	$ 9,712	$ 2,297	$ 20	$ 1,604	$ 3,974	$ 83,920
At January 1	$ 66,313	$ 9,712	$ 2,297	$ 20	$ 1,604	$ 3,974	$ 83,920
Additions	-	-	360	-	-	5,826	6,186
Disposals	-	(1,019)	(14,652)	(2,218)	-	(1,134)	(19,023)
Accumulated depreciation on disposal date	-	979	14,495	2,202	-	619	18,295
Reclassifications		460	-	-		-	460
Depreciation	-	(360)	(738)	(4)	(48)	(2,622)	(3,772)
At December 31	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066
At December 31							
Cost	$ 66,313	$ 12,132	$ 8,510	$ 462	$ 2,442	$ 10,362	$ 100,221
Accumulated depreciation	-	(2,360)	(6,748)	(462)	(886)	(3,699)	(14,155)
	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066

A. The Group signed the real estate purchase agreement with the buyer on October 13, 2022. The property on Anhe Road was sold by the Group for a total gain on disposal amounting to $55,000 (inclusive of tax), realizing a gain on disposal amounting to $6,746 and depositing the said price into the performance bond account. The amount is listed under accounts receivables as of December 31, 2022 because it has not yet been paid.

B. Information relating to the Group' s property, plant and equipment pledged to others as collaterals are provided in Note 8.

(8). Leasing arrangements - lessee

A. The Group leases various assets including buildings, transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise of buildings. Low-value assets comprise of office equipment and other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows :

	December 31, 2022		December 31, 2021	
	Carrying Amount		Carrying Amount	
Buildings	$	38,112	$	50,004
Transportation equipment		1,293		209
	$	39,405	$	50,213

	Year ended December 31, 2022		Year ended December 31, 2021	
	Depreciation charge		Depreciation charge	
Buildings	$	13,220	$	13,055
Transportation equipment		193		746
	$	13,413	$	13,801

D.For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $14,071 and $0, respectively.

E.The information on income and expense accounts relating to lease contracts is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
Items affecting profit or loss				
Interest expense on lease liabilities	$	744	$	1,022
Expense on short-term lease contracts		1,737		1,280
Expense on leases of low-value assets		113		105
Gains arising from lease modifications	(	350)	(	14)

F.For the years ended December 31, 2022 and 2021, the Group’s total cash outflow for leases amounted to $15,946 and $15,976, respectively.

(9).Leasing arrangements – lessor

A. The Consolidated Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B.For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amounts of $1,333 and $31,753, respectively, based on the operating lease agreement, which does include variable lease payments.

C. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Rental revenue	$ 1,287	$ 31,753
Rental income recognized as variable lease payments	$ 46	$ 14,973

D.The maturity analysis of the lease payments under the operating leases is as follows :

	December 31, 2022		December 31, 2021
2022	$ -	2022	$ -
2023	114	2023	-
Total	$ 114	Total	$ -

(10).Intangible assets

	2022					
	Computer software	Goodwill	Technological expertise	Patents	Client relationship	Total
At January 1						
Cost	$ 16,253	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 91,920
Accumulated depreciation and accumulated impairment losses	(3,180)	-	(1,243)	(1,366)	(3,215)	(9,004)
	$ 13,073	$ 32,583	$ 17,400	$ 12,291	$ 7,569	$ 82,916
At January 1	$ 13,073	$ 32,583	$ 17,400	$ 12,291	$ 7,569	$ 82,916
Additions	4,459	-	-	-	-	4,459
Reclassifications	(1,105)	-	-	-	-	(1,105)
Amortization expenses	(6,052)	-	(1,243)	(1,365)	(3,215)	(11,875)
At December 31	$ 10,375	$ 32,583	$ 16,157	$ 10,926	$ 4,354	$ 74,395
At December 31						
Cost	$ 19,607	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 95,274
Accumulated depreciation and accumulated impairment losses	(9,232)	-	(2,486)	(2,731)	(6,430)	(20,879)
	$ 10,375	$ 32,583	$ 16,157	$ 10,926	$ 4,354	$ 74,395

	2021					
	Computer software	Goodwill	Technological expertise	Patents	Client relationship	Total
At January 1						
Cost	$ 489	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 76,156
Accumulated depreciation and accumulated impairment losses	(427)	-	-	-	-	(427)
	$ 62	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 75,729
At January 1	$ 62	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 75,729
Additions	16,189	-	-	-	-	16,189
Amortization expenses	(3,178)	-	(1,243)	(1,366)	(3,215)	(9,002)
At December 31	$ 13,073	$ 32,583	$ 17,400	$ 12,291	$ 7,569	$ 82,916
At December 31						
Cost	$ 16,678	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 92,345
Accumulated depreciation and accumulated impairment losses	(3,605)	-	(1,243)	(1,336)	(3,215)	(9,429)
	$ 13,073	$ 32,583	$ 17,400	$ 12,291	$ 7,569	$ 82,916

(11).Refundable deposits

Items	December 31, 2022	December 31, 2021
Futures Trading Margin	$ 39,129	$ 35,110
Contract project deposit	6,429	7,399
Operating margin	5,000	-
Leases margin	4,054	4,167
Special store deposit	-	4,000
Land security deposit	-	2,713
Other	917	912
	$ 55,529	$ 54,301

The Group made a $39,972 deposit on a predetermined land sales contract with a third party in 1996. The relevant contract was not completed, and after numerous extensions, $22,044 was recovered. The deposit of $17,928 was supposed to be returned by the Fu-Hui, Lin and Xing Lin Construction Corporation in May 2019, but this was not done as planned. In a settlement agreement signed on November 16, 2020, both parties agreed to return the deposit in five installments after the Group filed a lawsuit. As of December 31, 2022, the Group has completely recouped the deposit.

(12). Non-current assets held for sale and discontinued business unit

A. The Group sold Kwong Fong Plaza based on resolutions passed by the board on March 9, 2020 and the shareholders' meeting on May 27, 2020. Relevant assets related to the Kwong Fong Plaza have been placed in the "for sale" section, which satisfies the criteria for and is described as a discontinued business unit. For more information on the transaction on June 2021, refer to Note 12 (4) 1. Description.

B.The cash flow information of the closed unit is as follows :

	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES	$ -	$ 61,636
CASH FLOWS FROM INVESTING ACTIVITIES	-	4,167,987
CASH FLOWS FROM FINANCING ACTIVITIES	-	(2,926,812)
TOTAL CASH FLOWS	$ -	$ 1,302,811

C.Assets of the disposal group to be sold :

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ -	$ -
Other noncurrent assets	-	-
	$ -	$ -

D. The analysis of the operating results of the closed units is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Net revenue	$ -	$ 49,221
Operating expenses	-	(67,124)
Total non-operating income and expenses	-	(18,776)
Discontinuing operations loss before income tax	-	(36,679)
Income tax expense	-	-
Discontinuing operations Profit after income tax	-	(36,679)
Gain on disposal of discontinued operations	-	319,577
Disposal of discontinued operations land value increment tax	-	(274,339)
Discontinuing operations Profit after income tax	-	45,238
discontinued operations gain (loss)	$ -	$ 8,559

E. Disposal of gains and losses from the sale of Kwong Fong Plaza, which the Group finalized in June 2011, is broken down below.

Sale price (tax excluded)	$ 4,561,337
Book value of disposal groups classified as held for sale	(4,232,374)
Costs associated with the sale of a discontinued unit	(9,386)
Gain on disposal of discontinued operations	$ 319,577

F. Regarding the sale of Kwong Fong Plaza, the Group transferred the ownership of the Kwong Fong Plaza’s real estate to Cathay Life Insurance on May 20, 2021, and on May 27, 2021, the handover was finalized. The retention money in the amount of NT$10,000 according to the terms of the real estate purchase agreement has not yet been collected, which is listed under accounts receivables. The Group and Cathay Life Insurance signed the correction item agreement based on the list of items handing correction on July 25, 2022, and the retention money was recovered.

G. On May 4, 2021, the Group paid the $516,291 land value tax that the Taxation Bureau had approved for the real estate transfer of the Kwong Fong Plaza. The Group petitioned the Taxation Bureau to reconsider their approval. On June 23 of that year, the Taxation Bureau corrected the previously approved tax amount and refunded $132,941 on July 7, 2021.

(13).Short-term loans

Type of borrowings		December 31, 2021	Interest rate	Collaterals
Bank loans				
Mortgage and secured bank loans	$	53,000	1.40%~3.00%	Other financial assets-current · Financial assets at fair value through other comprehensive income.
Unsecured bank loans		5,000	2.32%~3.00%	
	$	58,000		

A. As of December 31, 2022, the Group had no outstanding balance of short-term loans.

B. In 2022 and 2021, the Group recognized interest accrued in the amounts of $9,697 and $22,542 related to its long-term and short-term borrowings, respectively.

C. Information relating to the Group’s short-term loans pledged to others as collaterals are provided in Note 8.

(14). Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 7,743	$ 8,366

(15). Long-term bank loans

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2022	Collaterals
Long-term loans				
Mortgage and secured bank loans	Borrowing period is from August 27, 2019 to August 27, 2039 and pay monthly	0.78%~4.03%	$ 578,307	Financial assets at fair value through other comprehensive income and Property, plant and equipment
Less: Long-term liabilities - current portion			(13,766)	
			$ 564,541	

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2021	Collaterals
Long-term loans				
Mortgage and secured bank loans	Borrowing period is from August 18, 2017 to August 27, 2039 and pay monthly	0.655%~2.20%	$ 79,224	Financial assets at fair value through other comprehensive income and Property, plant and equipment
Less: Long-term liabilities - current portion			(7,644)	
			$ 71,580	

Information relating to the Group' s long-term loans pledged to others as collaterals are provided in Note 8.

(16).Pension

A.Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B.The pension costs and expenses under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $13,019 and $4,414, respectively.

(17).Provision

	Onerous Contracts	
	2022	2021
2022		
At January 1	$ 658	$ 3,448
Provisions during the year	71	94
Provisions used during the year	(615)	(2,884)
At December 31	$ 114	658

The ageing analysis of provision is as follows:

	December 31, 2022	December 31, 2021
Current		
Onerous Contracts	$ 114	$ 557
Noncurrent		
Onerous Contracts	$ -	$ 101

The liability provision for onerous lease contracts is equal to the expected rent received under the non-cancellable lease contract minus the Group's future rent payable under the contract.

(18).Capital stock

As of December 31, 2022, the Company's authorized capital was $6,000,000, and the paid-in capital was $ 1,853,422, consisting of

185,342 thousand shares of common stocks with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19).Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022		
	Adjustments to share of changes in equity of associates and joint ventures	Expired unclaimed dividends	Total
At January 1	$ 30,861	$ 12,925	$ 43,786
Dividends paid to Expired unclaimed	-	(19)	(19)
At December 31	$ 30,861	$ 12,906	$ 43,767

	2021		
	Adjustments to share of changes in equity of associates and joint ventures	Expired unclaimed dividends	Total
At January 1	$ 30,861	$ 12,961	$ 43,822
Dividends paid to Expired unclaimed	-	(36)	(36)
At December 31	$ 30,861	$ 12,925	$ 43,786

(20).Retained earnings

A.According to the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for all taxes and cover prior years' losses and then appropriate 10% of the residual amount as legal reserve. Dividends shall be resolved by the stockholders.

B.The Company's dividend policy is to distribute stock dividends or cash dividends with the earnings net of the capital required for future years that is estimated and retained based on the Company's future capital budget planning.

C.Legal reserve Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D.(a).In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b).After the company has utilized, disposed of, or reclassified assets related to the Special Surplus Reserve provided by the letter of Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, the original provision must be made in accordance with IFRS. If the assets aforementioned are investment real estate, the land portion must be reversed upon disposal or reclassification, and the non-land portion must be reversed on a period-by-period basis during the period of use. The special surplus reserve was reversed to the retained surplus of $250,250 due to the disposal of assets in 2021.

E.The appropriation of earnings of year 2022 that was resolved at the Company's shareholders' meeting on July 1, 2022 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Accrual of legal reserve	$ 33,211		$ -	
Appropriation of cash dividends to shareholders	92,671	$ 0.50	92,671	$ 0.50

F.The appropriation of 2022 earnings resolved by the Board of Directors on March 24, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	$ 9,393	
Appropriation of cash dividends to shareholders	92,671	$ 0.50

As of March 24 2023, the above-mentioned 2022 earnings appropriation had not been resolved by the stockholders' meeting.

Information about the appropriation of earnings as resolved by the Board of Directors and shareholder s will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21).Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 80,967	$ 6,948	$ 87,915
Revaluation	90,045	-	90,045
Revaluation – tax	(12,855)	-	(12,855)
Currency translation differences	-	125,448	125,448
At December 31	$ 158,157	$ 132,396	$ 290,553

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 176,864	$ 38,358	$ 215,222
Revaluation	(110,531)	-	(110,531)
Revaluation - tax	14,634	-	14,634
Currency translation differences		(31,410)	(31,410)
At December 31	$ 80,967	$ 6,948	$ 87,915

(22).Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from computer software services	$ 247,500	$ 216,926
Mall revenue	-	49,221
Revenue from sales of real estate	-	17,796
Other revenue	1,891	2,209
Less：Discontinued operations revenue	-	(49,221)
Revenue(Adjustments)	$ 249,391	$ 236,931

	Year ended December 31, 2022	Year ended December 31, 2021
Income from rentals		$ 29,658
Services revenue	-	19,563
		$ 49,221

A.Detail of customer contract income

The Group' s revenue is mainly from the transfer of products and services over time or at a point in time, and it can be broken down into the main segments below:

Year ended December 31, 2022	Revenue from computer software services	Other	Total
Revenue from external customer contracts	$ 247,500	$ 1,891	$ 249,391
Inter-segment revenue	32,539	923	33,462
Total	$ 280,039	$ 2,814	$ 282,853
Disaggregation of revenue from contracts with customers			
Revenue at a point in time	$ 144	$ 558	$ 702
Revenue from the transfer of services over time	247,336	1,333	248,669
	$ 247,480	$ 1,891	$ 249,371

Year ended December 31, 2021	Kwong Fong Shopping Center Service revenue	Kwong Fong Shopping Center Leases revenue	Revenue from computer software services	Revenue from sales of real estate	Other	Total
Revenue from external customer contracts	$ -	$ -	$ 216,926	$ 17,796	$ 2,209	$ 236,931
Inter-segment revenue	-	-	33,184	-	757	33,941
Total	$ -	$ -	$ 250,110	$ 17,796	$ 2,966	$ 270,872
Disaggregation of revenue from contracts with customers						
Revenue at a point in time	$ -	$ -	$ -	$ 17,796	$ -	$ 17,796
Revenue from the transfer of services over time	19,563	29,658	216,926	-	2,209	268,356
Less : Discontinued Operations Revenue	(19,563)	(29,658)	-	-	-	(49,221)
	$ -	$ -	$ 216,926	$ 17,796	$ 2,209	$ 236,931

B.Contract assets and liabilities

(a).The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	At January 1, 2021
Contract assets	$ 11,617	$ 23,941	$ -
Contract liabilities	$ 22,143	$ 22,290	$ 712

(b).Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance project payment	$ 17,254	$ -
Rent in advance	60	645
	$ 17,314	$ 645

(23).Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income from bank deposits	$ 1,656	$ 1,627
Other Interest income	26	61
	$ 1,682	$ 1,688

(24).Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Dividend income	$ 226,704	$ 138,459
Deferred government grants, net	-	2,931
Other income, others	20,536	6,194
Less : Discontinued operations other income	-	(99)
	$ 247,240	$ 147,485

(25).Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Gain on disposal of non-current assets held for sale	$ -	$ 319,577
Loss on disposal of property, plant and equipment	6,746	(477)
Profit from lease modification	350	14
Unrealized gain on foreign currency exchange, net	(82,077)	302
(Loss) interest in financial assets at fair value through profit or loss	(5,268)	2,211
Other gains	25	45
Other expenses	(3,049)	(2,386)
Less : Discontinued operations other gains and losses, net	-	(319,550)
	($ 83,273)	($ 264)

(26).Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense		
Bank loans	$ 9,697	$ 22,542
Commercial papers payable	72	666
Imputed interest for deposit	4	175
Other finance expense	771	3.122
	10,544	26,505
Less : Discontinued operations finance costs	-	(18,848)
	$ 10,544	$ 7,657

(27).Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of sales of real estate	$ -	30,753
Services cost	83,170	48,617
Other cost-(Gain from price recovery) loss on inventory obsolescence and market price decline	-	(16,516)
Other operating costs	18,607	13,444
Depreciation charges on property, plant and equipment	3,682	3,772
Depreciation charges on right-of-use assets	13,413	13,801
Employee benefit expense	131,337	144,894
Directors' remuneration	2,280	2,236
Expected credit loss (gain)	(187)	5,263
Amortisation charges	11,876	9,002
Service expenses	9,072	22,232
Other operating expenses	24,250	81,203
Less : Discontinued operations expenses	-	(67,124)
	$ 297,500	$ 291,577

(28).Employee benefit expense

		Year ended December 31, 2022		Year ended December 31, 2021
Wages and salaries	$	112,183	$	116,323
Labor and health insurance fees		10,179		10,487
Pension costs		5,514		13,019
Other personnel expenses		3,941		5,065
		131,817		144,894
Less : Discontinued operations employee benefit expense		-		(74)
	$	131,817	$	144,820

A.According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.1%~ 2% and pay remuneration to the directors and supervisors that account for no more than 1% of the total distributed amount.

B.For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $600 and $90, respectively; while directors' and supervisors' remuneration was accrued at $900 and $450, respectively. The aforementioned amount is listed in the account of salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.58% and 0.87% of distributable profit of current year. The actual distributed amounts as resolved by the Board of Directors were in agreement with the accrued amounts. The employees' compensation will be distributed in the form of cash.

Information about the appropriation of employees', directors' and supervisors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29).Income tax

A.Income tax expense

(a).Components of income tax expense

		Year ended December 31, 2022	Year ended December 31, 2021
Current tax：			
Current tax on profits for the period	$	12,921	8,621
Tax on undistributed surplus earnings		-	11
Prior year income tax overestimation		131	
Land value increment tax included in current tax		347	1,483
Total current tax		13,399	10,115
Deferred tax：			
Origination and reversal of temporary differences	(	2,659)	3,786
Total deferred tax	(	2,659)	3,786
Income tax expense	$	10,740	13,901

(b).The income tax (charge)/credit relating to components of other comprehensive income is as Follows：

		Year ended December 31, 2022		Year ended December 31, 2021
Changes in fair value of financial assets at fair value through other comprehensive loss	($	12,855)	$	14,634

B.Reconciliation between income tax expense and accounting profit：

		Year ended December 31, 2022		Year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	$	21,399	$	17,321
Income tax impact of items adjusted in accordance with tax laws	(	11,754)	(	6,442)
Tax exempt income by tax regulation	(	2,680)	(	200,692)
Temporary differences not recognized as deferred tax assets	(	53)		425
Temporary differences not recognized as deferred tax assets		465		197,363
Prior year income tax overestimation		131		-
Tax on undistributed surplus earnings		-		11
Land value increment tax included in current tax		347		1,483
Impact of withholding tax on overseas income		2,885		4,432
Income tax expense (benefit)	$	10,740	$	13,901

C.Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows :

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets :				
- Temporary differences :				
Unused compensated absences payable	$ 393	($ 111)	$ -	$ 282
Loss on valuation of financial asses	14,634	-	(12,855)	1,779
Provisions for liabilities - onerous contracts	132	(109)	-	23
Impairment Loss	13,016	(5)	-	13,011
Exchange loss	-	2,571		2,571
Tax losses	136,290	(546)	-	135,744
Subtotal	164,465	(1,800)	(12,855)	153,410
Deferred tax liabilities :				
Unrealized exchange gain	(3)	3	-	-
Equity method unrealized investment gains	(42,353)	(298)	-	(42,651)
Reserve for land value increment tax	(76,450)	(11)	-	(76,461)
Acquisition of subsidiary intangible assets	(7,452)	1,165	-	(6,287)
Subtotal	(126,258)	859	-	(125,399)
Total	($ 38,207)	$ 2,659	($ 12,855)	$ 28,011

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets :				
- Temporary differences :				
Unused compensated absences payable	$ 448	($ 55)	$ -	$ 393
Loss on valuation of financial asses	-	-	14,634	14,634
Provisions for liabilities - onerous contracts	690	(558)	-	132
Impairment Loss	15,878	(2,862)	-	13,016
Tax losses	137,769	(1,479)	-	136,290
Subtotal	154,785	(4,954)	14,634	164,465
Deferred tax liabilities :				
Unrealized exchange gain	-	(3)	-	(3)
Equity method unrealized investment gains	(42,158)	(195)	-	(42,353)
Reserve for land value increment tax	(185,662)	109,212	-	(76,450)
Acquisition of subsidiary intangible assets	(8,617)	1,165	-	(7,452)
Subtotal	(236,437)	110,179	-	(126,258)
Less: Income tax from discontinued operations	-	(109,011)	-	-
Total	($ 81,652)	($ 3,786)	$ 14,634	$ 38,207

D. Expiration dates of loss carryforward and amounts of unrecognized deferred tax assets are as follows:

Year of occurrence	Year ended December 31, 2022 Declared	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2014	$ 71,347	$ 71,347	$ 41,803	2024
2015	12,970	12,970	-	2025
2016	369,764	369,764	85,251	2026
2019	127,568	97,692	-	2029
2020	1,921	352	-	2030
2021	738,227	738,227	484,571	2031
2022	1,259	1,259	-	2032
	$ 1,323,056	$ 1,291,611	$ 611,625	

Year of occurrence	Year ended December 31, 2021 Declared	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2014	$ 71,347	$ 71,347	$ -	2024
2015	12,970	12,970	-	2025
2016	369,764	369,764	124,457	2026
2019	127,568	98,068	-	2029
2020	6,087	2,831	-	2030
2021	750,975	750,975	500,045	2031
	$ 1,338,711	$ 1,305,955	$ 624,502	

E. Deductible temporary differences that are not recognized as deferred income tax Assets by the Group.

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 15,668	$ 15,440

F. In accordance with Article 45 of the Business Mergers and Acquisitions Act, with the company as the taxpayer, the business income tax settlement declaration was merged with its subsidiary Pao Fong Asset Management Co., Ltd.

G.The Company’ s income tax returns through 2020 have been assessed as approved by the Tax Authority.

(30).Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding(share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit for the current period attributable to the parent company’ s ordinary shareholders of continuing business units	$ 94,462	185,342	$ 0.51
Diluted earnings per share			
Net profit for the current period attributable to ordinary shareholders of the parent company as a continuing business unit plus the impact of potential ordinary shares	$ 94,462	185,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	61	
	$ 94,462	185,403	$ 0.51

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding(share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company’ s ordinary shareholders of continuing business units	$ 73,304		$ 0.39
Net profit for the current period attributable to ordinary shareholders of the parent company as a closed business unit plus the impact of potential ordinary shares	8,559		0.05
	$ 81,863	185,342	$ 0.44
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to ordinary shareholders of the parent company as a continuing business unit plus the impact of potential ordinary shares	$ 73,304		$ 0.39
Net profit for the current period attributable to ordinary shareholders of the parent company as a closed business unit plus the impact of potential ordinary shares	8,559		0.05
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation		8	
	$ 81,863	185,350	$ 0.44

(31). Supplemental cash flow information

Investing activities with partial cash payment:

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant, equipment and Intangible assets	$ 4,612	$ 22,375
Add: Opening balance of payable on equipment	-	-
Less: Ending balance of payable on equipment	-	-
Cash paid during the period	$ 4,612	$ 22,375

(32). Changes in liabilities from financing activities

	2022					
	Short-term loans	Short-term bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 58,000	$ -	$ 79,224	$ 1,089	$ 51,389	$ 189,702
Changes in cash flow from financing activities	(58,000)	-	486,231	(1)(	13,352)	414.,878
Changes in other non-cash item	-	-	12,852	-	2,255	15,107
December 31	$ -	$ -	$ 578,307	$ 1,088	$ 40,292	$ 619,687

	2021					
	Short-term loans	Short-term bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
January 1	$ 142,850	$ 159,785	$ 2,863,475	$ 40,747	$ 69,617	$ 3,276,474
Changes in cash flow from financing activities	(84,850)(	160,000)(	2,785,311)(	39,658)(	13,569)(	3,083.388)
Changes in other non-cash item	-	215	1,060	- (	4,659)(	3,384)
December 31	$ 58,000	$ -	$ 79,224	$ 1,089	$ 51,389	$ 189,702

7 。 RELATED PARTY TRANSACTIONS

(1).Names of related parties and their relationship with the Group

Names of related parties	Relationship with the Group
Chin Fung Industrial Co., Ltd.	Other related party (Dissolution and liquidation)
Grandcheer Construction Corporation	Other related party (Dissolution and liquidation)
Yujing Technology Co., Ltd.	Other related party (A subsidiary since December 31, 2020)
Mobile Communications Holdings Co., Ltd.	Other related party (A subsidiary since December 31, 2020)
Encirich Enterprise Co., Ltd.	Other related party (A subsidiary since December 31, 2020)
Hemisphere Industries Corp.	Other related party
Luo Sheng Fong Co., Ltd.	Other related party
Luo Shengtai Co., Ltd.	Other related party

(2).Significant related party transactions and balances

	Year ended December 31, 2022	Year ended December 31, 2021
A. Operating revenue		
Other operating revenue		
Hemisphere Industries Corp.	$ 228	$ 171
Luo Sheng Fong Co., Ltd.	114	86
Luo Shengtai Co., Ltd.	111	86
Yujing Technology Co., Ltd.	-	119
	$ 456	$ 462

The business terms on which the Group transacts with related parties are of no difference from those with non-related parties.

B. Operating cost

	Year ended December 31, 2022	Year ended December 31, 2021
Yujing Technology Co., Ltd.	$	$ 1,808

C. Receivables from related parties：

	December 31, 2022	December 31, 2021
Accounts receivable		
Yujing Technology Co., Ltd.	$ -	$ 15,895
Mobile Communications Holdings Co., Ltd.	-	1,039
	$ -	$ 16,964

D. Payables to related parties：

	December 31, 2022	December 31, 2021
Accounts payable		
Encirich Enterprise Co., Ltd.	$ -	$ 16

E. Contract liabilities

	December 31, 2022	December 31, 2021
Luo Sheng Fong Co., Ltd.	$ 30	$ 30
Luo Shengtai Co., Ltd.	30	30
	$ 60	$ 60

(3).Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and other short-term employee benefits	$ 26,847	14,383
Post-employment benefits	-	2,214
Total	$ 26,847	16,597

8 ◦ PLEDGED ASSETS

The Group's assets pledged as collateral are as follows :

Pledged assets		Book value December 31, 2022		Book value December 31, 2021	Purpose
Other current assets	$	-		4,733	Short-term loans
Inventories - Real property for sale		72,245		72,245	Short-term loans
Property, plant and equipment		1,506		74,615	Short-term loans、Long-term liabilities - current portion
Financial assets at fair value through other comprehensive income-noncurrent		1,533,548		20,611	Short-term loans credit line、Long-term liabilities
	$	1,607,299	$	172,204	

9 ◦ SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

(1).Contingencies

The Group sold Kwong Fong Plaza to Cathay Life Insurance Co., Ltd. (henceforth Cathay Life Insurance) on January 15, 2021, and the Group signed a "Leasing Contract Succession Agreement" with Decathlon and Cathay Life Insurance to settle utility costs. After amicable negotiations and a written agreement, the parties resolved to settle the rent arrearage of $7,833 for the period of January 1, 2021, through March 31, 2021, by the agreed means other than that specified in the lease agreement. As of September 30, 2021, however, the parties had not yet reached an agreement on the pricing of electricity charges and had not signed a written agreement as required by the tripartite agreement. The Group believes that the negotiations have yielded no results and that the tripartite agreement is no longer applicable; therefore, the terms of this lease agreement shall govern. The group filed for arbitration on November 16, 2021 (the court was held on January 10, 2022) and requested that Decathlon pay the Group's rent receivable of $7,833. In accordance with Article 6.1 of this contract, Decathlon counterclaimed the Group $8,527 for overpaid electricity charges after deducting the "deferred rent" on the basis that the electricity charges were overpaid.

The arbitral tribunal held a substantive hearing on July 28, 2022, at the Chinese Arbitration Association in Taipei (2021 Zhong-Sheng-He-Zi No. 053), and the arbitral tribunal decided that Decathlon shall demand that the Group pay the $1,770 in overcharged electricity charges from January to July 2017 as well as interest at a rate of 5% per year calculated up until the settlement date. According to the arbitral tribunal’ s decision, the Group estimated on September 30, 2022 to pay $1,770 for the overpaid electricity fee (listed under other gains and losses). The fact that Decathlon persisted in refusing to settle the unpaid balance indicated that it had no intention of observing the arbitration award. Therefore, in accordance with the arbitration agreement reached during the aforementioned arbitration process, the Group demanded payment from Decathlon in a second arbitration that was filed with the Chinese Arbitration Association, Taipei, on November 9, 2022. The total amount owed by the arbitration is $6,012 after adding interest of $1,821 at a rate of 5% annually from November 9, 2022, to the date of settlement. This sum represents the discrepancy between the $7,833 rent payment and the overcharged electricity fee plus interest. As of December 31, 2022, the second arbitration tribunal had not held a hearing.

(2).Commitments

None.

１０。SIGNIFICANT DISASTER LOSS

None.

１１。SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1).Information about appropriation of earnings is provided in Note 6(22)

(2).The arbitration award (2021 Zhong-Sheng-He-Zi No. 053) concerning the overpayment of electricity charges between the Group and Decathlon was released by the Chinese Arbitration Association, Taipei on July 28, 2022. It was determined that the Company must pay $1,770 (inclusive of tax) adding interest at a rate of 5% annually calculated from the 31st day after the award’ s arrival until the date of settlement. After receiving a request for enforcement from Decathlon, the Taiwan Taipei District Court granted enforcement of the aforementioned sum on February 2, 2023.

12. OTHERS

(1). Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to maintain an optimal capital structure.

(2). Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 15,638	$ 14,651
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	3,044,936	2,170,975
Financial assets at amortized cost		
Cash and cash equivalents	311,144	301,622
Financial assets at amortized cost	19,000	213,500
Contract assets	11,617	23,941
Accounts receivable	21,637	47,252
Other receivables	55,648	10,601
Guarantee deposits paid	55,529	54,301
Other financial assets	-	4,733
	$ 3,535,149	$ 2,841,576

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	$ -	$ 58,000
Contract liabilities	22,143	22,290
Notes payable	24	-
Accounts payable	7,743	8,382
Other payables	38,865	42,647
Long-term liabilities - current portion	578,307	79,224
Guarantee deposits received	1,088	1,089
	$ 648,170	$ 211,632
Lease liabilities	$ 40,292	$ 51,389

B.Financial risk management policies

(a).The Group' s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b).Risk management is carried out by the Group' s Finance Department under policies approved by the Board of Directors. The Group' s Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group' s Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C.Significant financial risks and degrees of financial risks

(a).Market risk

Foreign exchange risk

i. The Group' s main source of foreign exchange risk is the operational team' s net investment of institutions that operate as a team. The Group does not hedge the net investment of foreign operating institutions because it is a strategic investment.

ii. The Group’ s businesses involve some non-functional currency operations The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022 Foreign currency amount	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 2	30.710	$ 61
HKD：USD	853	3.938	3,359
Non-monetary items			
USD：NTD	43,898	30.710	1,348,096
HKD：USD	303,854	3.938	1,196,577
Financial liabilities			
Monetary items			
JPY：NTD	1,705956	0.232	396,464
CHF：NTD	5,062	33.205	168,077

(Foreign currency: functional currency)	December 31, 2021 Foreign currency amount	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 2	27.68	$ 56
HKD：USD	11,074	3.549	39,302
Non-monetary items			
USD：NTD	40,055	27.68	1,108,718
HKD：USD	148,590	3.549	527,346

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Year ended December 31, 2022 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on othe comprehensive income
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 1	$ -
HKD：USD	1.00%	34	-
Non-monetary items			
USD：NTD	1.00%	-	13,481
HKD：USD	1.00%	-	11,966
Financial liabilities			
Monetary items			
JPY：NTD	1.00%	3,865	-
CHF：NTD	1.00%	1,681	-

(Foreign currency: functional currency)	Year ended December 31, 2021 Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on othe comprehensive income
Financial assets			
Monetary items			
USD：NTD	1.00%	$ 1	$ -
HKD：NTD	1.00%	393	-
Non-monetary items			
USD：NTD	1.00%	-	11,087
HKD：NTD	1.00%	-	5,273

Price risk

The Group is exposed to the price risk of equity instruments as a result of its equity instrument holdings. The Group’s investments in equity instruments are recorded as financial assets measured at fair value through profit or loss and other comprehensive income, respectively, in the consolidated financial statements. The price of the Group's main investment in these equity instruments will be impacted by uncertainty regarding the investment's future value. If the price of equity instruments increased or decreased by 1% while all other factors remained constant, after-tax profit and loss for 2022 and 2021 increased or decreased by $72 and $49, respectively, with the increased fair value of the financial assets measured at fair value through profit or loss. As a result of the financial assets measured at the fair value of other comprehensive income, the other comprehensive income increased or decreased by $25,355 and $18,432, respectively.

Cash flow and fair value interest rate risk

i. The Group's financial assets and financial liabilities that are subject to interest rate risk as of the reporting date have the following carrying amounts:

Items		December 31, 2022		December 31, 2021
Fair value interest rate risk				
Financial assets	$	244,000	$	213,500
Financial liabilities		-		-
NET	$	244,000	$	213,500
Cash flow interest rate risk				
Financial assets	$	83,329	$	303,119
Financial liabilities	(	578,307	)(	137,224)
NET	($	494,978	)$	165,895

ii. Sensitive analysis of fair value interest rate risk instruments:

The Group does not classify any fixed-rate financial assets and liabilities as financial assets measured at fair value through profit or loss and at fair value through other comprehensive income, and it does not designate derivatives (interest rate swaps) as the fair value hedging accounting model. As a result, interest rate changes will have no impact on profit or loss and other comprehensive net profit as of the reporting date.

iii. Sensitivity analysis of cash flow interest rate risk instruments:

Financial instruments with variable interest rates used by the Group include assets and liabilities with floating interest rates. The variations in effective interest rates brought on by changes in market interest rates will cause future cash flows to fluctuate. For each 1% rise in the market interest rate, the net profit and loss for 2022 and 2021 dropped by $3,960 and $1,327, respectively.

(b).Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations.

ii. The Group manages it credit risk based on a Group - oriented system. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer's credit risk and conduct credit risk management. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group will use a condensed method based on the characteristics of client ratings and a provision matrix to calculate expected credit losses for client accounts receivable. The expected credit loss rate over the life of the company takes clients' past contract violations and the current financial, industrial, and economic climate into account. Given that the Group's historical credit loss experience does not reveal any major differences in the loss patterns across different customer groups, the provision matrix makes no further differentiation of customer groups and instead computes the expected credit loss rate based on the number of days that accounts receivable are past due.

v. The Group used the forecastability to adjust historical, timely information, accounts receivable, and overdue receivables. As of December 31, 2022 and 2021, the loss rate methodology is as follows:

	Not past due	Less than 30 days	Less than 60 days	181 days	Total
December 31, 2022					
Expected loss rate	<1%	15.60%	16.68%	0%	
Total book value	$ 32,825	$ 67	$ 567	$ -	$ 33,459
Loss allowance	$ 100	$ 10	$ 95	$ -	$ 205

	Not past due	Less than 30 days	Less than 60 days	31 to 90 days	Total
December 31, 2021					
Expected loss rate	<1%	0%	0%	8.33%	
Total book value	$ 69,005	$ -	$ -	$ 2,580	$ 17,585
Loss allowance	$ 177	$ -	$ -	$ 215	$ 392

vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
At January 1	$ 392	$ 285
Provision for impairment	(187)	5,263
Write-offs	-	(5,156)
At December 31	$ 205	$ 392

Expected credit impairment benefits (losses) resulting from client contracts and accounts receivable that were recorded in contract assets in 2022 and 2021, respectively, were $187 and ($5,263).

(c).Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group' s Finance Department. Group' s Finance Department monitors rolling forecasts of the Group' s liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2022 and 2021, the Group' s position held in money market were NT$308,730 and NT$298,386.

iii. Detail of the loan credit not yet drawn down by the Group is as follows:

	December 31, 2022	December 31, 2021
Floating rate		
Less than 1 year	$ 936,995	$ 1,940,000
Over 5 years	97,932	516,504
	$ 1,034,927	$ 2,456,504

iv. The table below analyses the Group' s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non- derivative financial liabilities.

	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
December 31, 2022		
Contract liabilities	$ 22,143	$ -
Notes, accounts payable	7,767	-
Other payables	38,865	-
Lease liabilities	14,395	25,516
Long-term loans (including current portion)	13,766	564,541

	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
December 31, 2021		
Short-term loans	$ 58,000	$ -
Contract liabilities	22,062	228
Notes, accounts payable	8,382	-
Other payables	42,647	-
Lease liabilities	14,019	39,094
Long-term loans (including current portion)	7,644	71,580

(3).Fair value estimation

A.The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows :

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. It includes the investment in equity instruments without the group's active market.

B. The carrying amounts of the Group' s financial instruments not measured at fair value, including cash and cash equivalents, contract assets, accounts receivable, other receivables, refundable deposits, financial assets at amortized cost, contract liabilities, short-term borrowings, accounts payable, other payables, lease liabilities, long -term borrowings, guarantee deposits received, are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a). The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 7,228	$ -	$ -	$ 7,228
Derivative instruments	8,410	-	-	8,410
Financial assets at fair value through other comprehensive income				
Equity securities	1,669,682	-	1,375,254	3,044,936
Total	$ 1,685,320	$ -	$ 1,375,254	$ 3,060,574

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 4,920	$ -	$ -	$ 4,920
Derivative instruments	9,731	-	-	9,731
Financial assets at fair value through other comprehensive income				
Equity securities	964,921	-	1,206,054	2,170,975
Total	$ 979,572	$ -	$ 1,206,054	$ 2,185,626

(b).The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters)

D.For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2

E.The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity Securities-Unlisted shares	
	2022	2021
At January 1	$ 1,206,054	$ 1,278,465
Gains and losses recognised in other comprehensive income	83,703	(41,132)
Effect of exchange rate changes	124,846	(31,279)
Proceeds from capital reduction of financial assets at fair value through profit or loss	(39,349)	-
At December 31	$ 1,375,254	$ 1,206,054

F. The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement :

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument :				
Unlisted shares	$ 1,364,482	Market comparable companies	Discount for lack of marketability	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
	10,772	Net asset value	〃	The higher the control and discount for lack of control, the lower the fair value
	$ 1,375,254			

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument :				
Unlisted shares	$ 1,206,054	Market comparable companies	Discount for lack of marketability	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value

H.The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed :

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument						
Unlisted shares	discount for lack of marketability	±1%	$ -	$ -	$ 14,229	($ 11,134)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument						
Unlisted shares	discount for lack of marketability	±1%	$ -	$ -	$ 9,245	($ 9,242)

(4).Other

The Group’ s board (representing the shareholders’ meeting) approved a resolution authorizing the public auctions of Kwong Fong Plaza on March 9, 2020, and October 23, 2020. Due to the bidding conditions and real estate sales contracts, the Company is still awaiting confirmation from investors as to whether or not the transaction complies with the investor’ s internal standards and control requirements. In accordance with Article 15 of the Instructions to Bidders (ITB), On July 27, 2020, the Board of Directors decided to switch from a public auction to private negotiations. The successfully negotiated buyer was Cathay Life Insurance Co., Ltd. (henceforth referred to as Cathay Life Insurance).

The Group withdrew from management with no sale-leaseback after selling Kwong Fong Plaza to Cathay Life Insurance Co., Ltd.

The Group has hired experts to provide real estate valuation reports and price rationality opinions for the Kwong Fong Plaza disposition case, and has provided the board of directors with the assessment results.

On October 23, 2020, the Group and Cathay Life Insurance signed the real estate purchase agreement and other related contract documents. A total of NT$4.68 billion (inclusive of tax) was transacted. Both parties shall fulfill their post-sale delivery responsibilities according to the terms of the real estate purchase agreement. The initial handover took place on May 27, 2021, and the shopping mall was officially handed over on July 19 of that same year.

Following the disposal of Kwong Fong Plaza, and despite a short-term decline in the Group’ s revenue, the disposed shopping center will repay its debts by selling assets for cash. In addition to significantly reducing debts and easing the interest burden, as well as enhancing the financial structure, the Group will have more operating funds to concentrate resources and pursue new investment opportunities. The management team is committed to achieving its original objective of increasing the company’ s long-term value and ensuring its sustainable operations. It presents novel concepts, develops proactive strategies, and advances investment plans by drawing on years of experience integrating businesses and activating assets without excessively pursuing rapid expansion. An effective management model that can be promoted to generate benefits is the guiding principle for implementation. Adjustments are made to the revenue structure in an effort to strengthen the financial system and spur the next wave of growth, thereby increasing the company’ s profits. Therefore, there is no significant impact on revenues and equity.

B.In response to the impact of Covid-19, the Group implemented several measures to control the pandemic in accordance with governments’ prevention measures, including work shifts, redundancy and enhancing employees' health management. At the same time, the Group assessed that Covid-19 did not have a significant impact on the Group's operations and ability to continue as a going concern.

13 . SUPPLEMENTARY DISCLOSURES

(1). Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Note 6(2)

J. Significant inter-company transactions during the reporting periods: Please refer to table 4

(2). Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5

(3). Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4). Information of major shareholder

Information of major shareholder: Please refer to table 6

14。SEGMENT INFORMATION

(1).General information

Aimed at management, the Group’ s operating units are divided into the five reportable departments listed below, based on the products and services offered:

A. Kwong Fong Business Department: Expertly manages the leasing and operations of commercial and residential properties nationwide. This includes office buildings, retail spaces, and homes.

B. Pao Fong Asset Management Department: Real estate development, construction, property management, and the tourism service industry.

C. Kwong Fong Overseas Development Department: Investments in various production businesses and the construction of commercial buildings and national residential houses.

D. Digital Technology department: Information Software Services.

(2).Measurement of segment information

The Group evaluates the performance based on segment revenue and segment net operating profit (loss).

The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note 4.

(3).Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows：

Year ended December 31, 2022	Kwong Fong Department	Pao Fong Asset Management Department	Kwong Fong Holdings Department	Digital Technology Department	Adjustments and written-off	Total
Revenue：						
Revenue from external customers	$ 462	$ -	$ -	$ 248,929	$ -	$ 249,391
Revenue from internal customers	-	-	-	33,462	(33,462)	-
Segment revenue	$ 462	$ -	-	$ 282,391	($ 33,462)	$ 249,391
Segment profit (loss)	$ 97,335	$ 2,544	$ 1,492	)$ 25,629	($ 1,775)	$ 125,225
Share of income (loss) of associates and joint ventures accounted for using equity method	4,173	-	-	-	(4,173)	-
Depreciation and amortisation	(7,046)	(291)	-	(16,116)	(5,516)	(28,969)
Segment profit (loss)	94,462	2,253	1,492	9,513	(11,464)	96,256
Segment assets	$ 4,249,974	$ 911,200	$ 1,355,324	$ 228,315	($ 2,251,212)	$ 4,493,601
Segment liabilities	$ 639,305	$ 78,534	$ 50	$ 127,725	($ 29,102)	$ 816,512

Note: Excludes the share of profit and loss recognized using the equity method and depreciation and amortization.

Year ended December 31, 2021	Kwong Fong Department	Pao Fong Asset Management Department	Kwong Fong Holdings Department	Discontinued Operations (note2)	Digital Technology Department	Adjustments and written-off	Total
Revenue：							
Revenue from external customers	$ 364	$ 17,910	$ -	$ 49,221	$ 218,657	$ -	$ 286,152
Revenue from internal customers	-	77	-	-	33,864	(33,941)	-
Segment revenue	$ 364	$ 17,987	-	$ 49,221	$ 252,521	($ 33,941)	$ 286,152
Segment profit (loss)	$ 94,123	($ 10,077)	$ 973	($ 36,679)	$ 16,564	($ 2,303)	$ 62,601
Share of income (loss) of associates and joint ventures accounted for using equity method	(4,708)	-	-	-	-	4,708	-
Disposal of discontinuing operations profit after income tax	-	-	-	45,238	-	-	45,238
Depreciation and amortisation	(7,552)	(384)	-	-	(12,538)	(6,101)	(26,575)
Segment profit (loss)	81,863	(10,461)	973	8,559	4,026	(3,696)	81,264
Segment assets	$ 3,482,610	$ 1,151,487	$ 1,113,852	-	$ 340,145	($ 2,212,171)	$ 3,875,923
Segment liabilities	$ 75,814	$ 88,794	$ 50	-	$ 232,438	(732)	$ 396,364

Note1. Excludes the share of profit and loss recognized using the equity method and depreciation and amortization.

Note2. The suspended unit belongs to Baofeng Asset Management Department.

(4).Reconciliation for segment income (loss)

The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The profit and loss of department portals in 2011 and 110 of the Republic of China and the profit and loss before deduction of subsequent business departments are adjusted as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Reportable Segment Profit and Loss	($ 41,363)	($ 54,646)
Non-operating income and expenses	155,105	141,252
Continuing operations profit (loss) before income tax	$ 113,742	$ 86,606

(5).Information on products and services

The main sources of income for external clients include revenue from information software services, booths, labor, leases, and construction. Income breakdown is provided in Note 6 (22).

(6).Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows :

	Year ended December 31, 2022		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 249,391	$ 3,198,158	$ 286,152	$ 2,392,403
Discontinued Operations	-	-	(49,221)	-
Total	$ 249,391	$ 3,198,158	$ 236,931	$ 2,392,403

Non-current assets refer to financial assets measured at fair value through other comprehensive income, real estate, factories and equipment, right-of-use assets, intangible assets, and other non-current assets (excluding deferred income tax assets and refundable deposits).

(7).Major customer information

The following is a summary of the Group’ s major clients in 2022 and 2021.

	Year ended December 31, 2022 Revenue Digital Technology Department	Year ended December 31, 2021 Revenue Pao Fong Asset Management Department
A	$ 64,539	$ 90,736
B	15,151	-
C	10,978	-
D	5,793	9,341
E	3,983	-
F	3,894	-
G	-	22,963
H	-	13,337

Kwong Fong Industries Corporation and Subsidiaries
Loans to others
December 31, 2021

Table 1

Expressed in thousands of TWD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Kwong Fong Industries Corporation	Mdbs Digital Technology Co., Ltd.	Other receivables	Yes	$ 100,000	$ 100,00	$ 30,000	1.5%~1.89%	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 1,444,268	$ 1,444,268	n accordance with Article 4 of the company's operating procedures for lending funds to others, for companies or firms that need short-term financing with the company, the total amount of funds loaned should not exceed 40% of the company's net value; The amount shall not exceed 40% of the company's net worth.

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’
Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.
Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021
Note 4: The column of ‘Nature of loan’ shall fill in 1. ‘Business transaction’ or 2. ‘Short-term financing’.
Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.
Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.
Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.
According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the latest financial statements
KF：$ 3,610,670*40%=1,444,268

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Kwong Fong Industries Corporation and Subsidiaries
Provision of endorsements and guarantees to others
December 31, 2021

Table 2 Expressed in thousands of TWD

Number (Note 1)	Endorser / Guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarntees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsement /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements / guarantees by subsidiary to parent company (Note 7)	Provision of endorsements / guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Kwong Fong Industries Corporation	Galaxy Digital Co., Ltd.	2	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ -	0.55	$ 20,000	Y	N	N	(Note 8)

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is '0'
(2)The subsidiaries are numbered in order starting from '1'

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
(3) The endorsed/guaranteed parent company directly and indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
(5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorized by the Board of Directors.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: According to the company's "fund loan and endorsement guarantee operation procedures"

1. The limit of endorsement guarantee for individual objects is limited to 100% of the net value of the latest financial statement.
2. The maximum amount of external endorsement guarantee is the same as the limit of endorsement guarantee for individual objects.

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3 Expressed in thousands of
shares/thousands of TWD

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
Kwong Fong Industries Corporation	Shin hua wool spinning co., ltd.		Financial asset measured at fair value through other comprehensive income -	437	$ 8,484	15.17%	$ 8,484	
〃	Lian An Health Business Co., Ltd.		〃	401	16,386	3.19%	16,386	
〃	ASCCHARWIE COMPANY		〃	922	2,288	8.00%	2,288	
〃	Bank of China Co., Ltd.		〃	45,800	512,224	0.02%	512,224	Note 4
〃	Agricultural Bank of China Co., Ltd.		〃	35,800	377,827	0.01%	377,827	Note 5
〃	Bank of Communications Co., Ltd.		〃	10,800	190,961	0.01%	190,961	Note 6
〃	Industrial and Commercial Bank of China		〃	7,300	115,565	0.00%	115,565	Note 7
〃	Union Bank of Taiwan Special Shares		〃	1,700	87,890	0.04%	87,890	Note 8
〃	Yulon Finance Corporation Special		〃	401	20,170	0.07%	20,170	Note 9
〃	Asia Cement co., ltd.		〃	3.300	135,300	0.09%	135,300	Note 10
〃	Mega Financial Holdings Co., Ltd.		〃	10	311	0.00%	311	
〃	Taiwan Cement co., ltd.		〃	3,481	117,145	0.05%	117,145	
〃	Shin Kong Financial Holdings Co., Ltd.		〃	2,000	17,540	0.01%	17,540	
Kwong Fong Holdings Limitd	FULCREST LIMITED		〃	2,716	1,348,096	44..24%	1,348,096	
Pao Fong Asset Management Co., Ltd.	Cathay Financial Holdings Special Shares		〃	1,115	63,109	0.01%	63,109	Note 11
〃	Fubon Financial Holdings Special Shares		〃	505	30,502	0.00%	30,502	Note 12
〃	Fubon Financial Holding Co., Ltd.		〃	20	1,138	0.00%	1,138	
〃	Cathay Financial Holding Co., Ltd.		Financial assets at fair value through profit or loss - current	91	3,640	0.00%	3,640	
Mdbs Digital Technology Co., Ltd.	Taiwan Semiconductor Manufacturing Company Limited		〃	8	3,588	0.00%	3,588	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, 'Financial instruments: recognition and measurement'
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The provision of 45,000 thousand shares was pledged to financial institutions for financing loans.

Note 5: The provision of 35,800 thousand shares was pledged to financial institutions for financing loans.
Note 6: The provision of 10,800 thousand shares was pledged to financial institutions for financing loans.
Note 7: The provision of 7,300 thousand shares was pledged to financial institutions for financing loans.
Note 8: The provision of 1,700 thousand shares was pledged to financial institutions for financing loans.
Note 9: The provision of 401 thousand shares was pledged to financial institutions for financing loans.
Note 10: The provision of 3,300 thousand shares was pledged to financial institutions for financing loans.
Note 11: The provision of 1,115 thousand shares was pledged to financial institutions for financing loans.
Note 12 The provision of 505 thousand shares was pledged to financial institutions for financing loans.

Kwong Fong Industries Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2022

Table 4 Expressed in thousands of shares/thousands of TWD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Kwong Fong Industries Corporation	Kwong Fong Holdings Limitd	1	Other payables	$ 3,632	Collection	0.08%
〃	〃	Mdbs Digital Technology Co., Ltd.	〃	Other payables	30,046	Fund financing and accrued interest	0.67%
〃	〃	Mdbs Digital Technology Co., Ltd.	〃	Interest income	362	Accrued interest	0.14%
1	Mdbs Digital Technology Co., Ltd.	Galaxy Digital Co., Ltd.	3	Rental income	857	Note 4	0.33%
〃	〃	Thunder Wind Co.,Ltd	〃	〃	14	〃	0.01%
〃	〃	Red Storm Co.,Ltd	〃	〃	23	〃	0.01%
〃	〃	Peter Rich Co.,Ltd	〃	〃	29	〃	0.01%
〃	〃	Galaxy Digital Co., Ltd.	〃	Project income	32,539	〃	12.7%
〃	〃	Galaxy Digital Co., Ltd.	〃	Contract liabilities	429	〃	0.01%
〃	〃	Galaxy Digital Co., Ltd.	〃	Project cost	4,457	〃	1.74%
〃	〃	Galaxy Digital Co., Ltd.	〃	Accounts receivable	1,143	〃	0.03%
〃	〃	Galaxy Digital Co., Ltd.	〃	Contract assets	386	〃	0.01%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows：

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; Fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Terms are approximately the same as for general transactions.

Kwong Fong Industries Corporation and Subsidiaries
Information on investees (not including investee company of Mainland China)
For the year ended December 31, 2022

Table 5 **(Amounts in Thousands of NTD/USD, Unless Specified Otherwise)**

Investor	Investee (Note 1、Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2022			Net profit (loss) of the investee For the year ended December 31, 2021 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2(3))	Footnote
				Balance as of December 31, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Book value			
Kwong Fong Industries Corporation	Kwong Fong Holdings Limitd	British Virgin Islands(BVI)	General Investment	USD 17,800	USD 17,800	17,800	100%	$ 1,355,274	$ 1,492	$ 1,492	Note 3
〃	Pao Fong Asset Management Co., Ltd.	28F., No.97, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	Real estate sale, lease, development	$ 1,337,716	$ 1,337,716	10,000	100%	832,666	2,253	2,253	〃
〃	Mdbs Digital Technology Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	Information software service industry	60,000	60,000	1,612	51%	50,123	2,854	(508)	〃
〃	Galaxy Digital Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	〃	34,900	40,000	2,170	51%	38,602	5,277	936	〃
Mdbs Digital Technology Co., Ltd.	MDevelop Technology Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	〃	-	23,020	-	-	-	(3,490)	(3,490)	Note 4
Galaxy Digital Co., Ltd.	Thunder Wind Co. Ltd	11th Floor, No. 279, Section 4, Xinyi Road, Daan District, Taipei City	〃	15,000	15,000	102	51%	2,187	2,040	1,040	Note 3
〃	Peter Rich Co., Ltd	6F-1, No. 63, Section 2, Anhe Road, Daan District, Taipei City	〃	6,000	6,000	102	51%	156	(36)	(18)	〃
〃	Red Storm Co., Ltd	〃	〃	8,000	8,000	102	51%	848	818	436	〃
〃	Digital Securities Investment Consulant Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	Securities Investment Advisory Industry	20,000	-	2,000	100%	18,741	(1,259)	(1,259)	〃

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations：

(1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between

the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note3: This transaction was written off when the consolidated financial statements were prepared.

Note 4. It was absorbed and merged by Mdbs Digital Technology Co., Ltd. on June 1, 2022.

Kwong Fong Industries Corporation and Subsidiaries
Major shareholders information
For the year ended December 31, 2022

Table 6

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Luo Sheng Fong Co., Ltd.	16,640,400	8.97%
Hemisphere Industries Corp.	16,296,746	8.79%
Leo Ho	12,772,701	6.89%