

**KWONG FONG INDUSTRIES CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Fong Industries Corporation and its subsidiaries (collectively referred herein as the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410 , "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become

aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Lai, Chung-Hsi Chih, Ping-Chiun
For and on behalf of PricewaterhouseCoopers, Taiwan
August 11, 2023

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
June 30, 2023 and December 31, June 30, 2022

(In Thousands of New Taiwan Dollars)

ASSETS	Notes	June 30,2023		December 31,2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 268,802	6	\$ 311,144	7	\$ 110,507	3
Financial assets at fair value through profit or loss - current	6(2)	76,734	2	15,638	-	12,481	-
Financial assets at amortized cost - non-current	6(4)	20,990	-	19,000	1	218,000	5
Contract assets- current	6(23)	8,092	-	11,617	-	10,399	-
Accounts receivable, net	6(5)	25,837	1	21,637	1	32,098	1
Other receivables	6(7)	10,011	-	55,648	1	15,520	-
Income tax assets		253	-	421	-	24	-
Inventories	6(6) and 8	629,621	14	647,406	14	647,406	14
Prepayments		7,812	-	3,988	-	2,538	-
Other current assets		115	-	5	-	8	-
Total current assets		<u>1,048,267</u>	<u>23</u>	<u>1,086,504</u>	<u>24</u>	<u>1,048,981</u>	<u>23</u>
NONCURRENT ASSETS							
Financial assets at fair value through other omprehensive income-noncurrent	6(3) and 8	3,243,910	70	3,044,936	68	3,133,047	68
<u>Non-current financial assets measured at amortized cost</u>	6(4)	-	-	-	-	5,000	-
Property, plant and equipment	6(7) and 8	34,687	1	35,768	1	84,188	2
Right-of-use assets	6(8)	33,048	1	39,405	1	41,799	1
Intangible assets	6(10)	73,323	1	74,395	2	77,548	2
Deferred income tax assets		136,653	3	153,410	3	149,817	3
Other noncurrent assets	6(11)	57,280	1	59,183	1	71,031	1
Total noncurrent assets		<u>3,578,901</u>	<u>77</u>	<u>3,407,097</u>	<u>76</u>	<u>3,562,430</u>	<u>77</u>
Total assets		<u>\$ 4,627,168</u>	<u>100</u>	<u>\$ 4,493,601</u>	<u>100</u>	<u>\$ 4,611,411</u>	<u>100</u>

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
June 30, 2023 and December 31, June 30, 2022

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	June 30,2023		December 31,2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%%
Current Liabilities							
Short-term loans	6(12)	\$ -	-	\$ -	-	\$ -	-
Short-term bills payable	6(13)	-	-	-	-	39,988	1
Current financial liabilities measured at fair value through profit or loss	6(14)	-	-	-	-	-	-
Current contract liabilities	6(23) and 7	31,685	1	22,143	1	25,863	1
Notes payable		-	-	24	-	25	-
Accounts payable	6(15)	6,578	-	7,743	-	4,223	-
Other payables	6(21)	131,013	3	38,865	1	41,767	1
Income tax payable		2,144	-	169	-	1,282	-
Provision-Current	6(18)	-	-	114	-	422	-
Lease liabilities-Current		14,389	-	14,056	-	12,094	-
Long-term liabilities - current portion	6(16) and 8	-	-	13,766	-	599	-
Other current liabilities		1,695	-	2,368	-	1,546	-
Total current liabilities		<u>187,504</u>	<u>4</u>	<u>99,248</u>	<u>2</u>	<u>127,809</u>	<u>3</u>
Noncurrent liabilities							
Non-current contract liabilities	6(123)	-	-	-	-	2,266	-
Long-term bank loans	6(16) and 8	548,109	12	564,541	12	621,865	13
Deferred income tax liabilities		144,138	3	125,399	3	143,898	3
Non-current lease liabilities		19,522	-	26,236	1	30,626	1
Other noncurrent liabilities		573	-	1,088	-	1,089	-
Total noncurrent liabilities		<u>712,342</u>	<u>15</u>	<u>717,264</u>	<u>16</u>	<u>799,744</u>	<u>17</u>
Total liabilities		<u>899,846</u>	<u>19</u>	<u>816,512</u>	<u>18</u>	<u>927,553</u>	<u>20</u>
EQUITY							
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Capital	6(19)						
Capital stock		1,853,422	40	1,853,422	41	1,853,422	40
Capital surplus	6(20)	50,079	1	43,767	1	43,770	1
Retained earnings	6(21)						
Appropriated as legal capital reserve		415,698	9	406,305	9	406,305	9
Appropriated as special capital reserve		76,450	2	76,450	2	76,450	1
Unappropriated earnings		838,241	18	940,173	21	877,441	19
Other equity interest	6(22)						
Other equity interest		428,532	9	290,553	6	358,799	8
Equity attributable to		3,662,422	79	3,610,670	80	3,616,187	78
NON-CONTROLLING INTERESTS		<u>64,900</u>	<u>2</u>	<u>66,419</u>	<u>2</u>	<u>67,671</u>	<u>2</u>
Total equity		<u>3,727,322</u>	<u>81</u>	<u>3,677,089</u>	<u>82</u>	<u>3,683,858</u>	<u>80</u>
Significant Contingent Liabilities	9						
Significant Events After The	11						
Total liabilities and equity		<u>\$ 4,627,168</u>	<u>100</u>	<u>\$ 4,493,601</u>	<u>100</u>	<u>\$ 4,611,411</u>	<u>100</u>

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, 2023 and January 1, 2022-June 30, 2022

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

Items	Notes	April 1, 2023 until June 30		April 1, 2022 until June 30		January 1, 2023 until June 30		January 1, 2022 until June 30	
		Amount	%	Amount	%	Amount	%	Amount	%
Net revenue	6(23) and 7	\$ 63,124	100	\$ 76,861	100	\$ 142,354	100	\$ 132,281	100
Cost of revenue	6(28)	(38,191)	(61)	(61,842)	(81)	(93,348)	(65)	(104,467)	(79)
Gross profit		<u>24,933</u>	<u>39</u>	<u>15,019</u>	<u>19</u>	<u>49,006</u>	<u>35</u>	<u>27,814</u>	<u>21</u>
Operating expenses	6(28and29)								
Selling expenses		(419)	-	(608)	(1)	(1,599)	(1)	(1,178)	(1)
General and administrative		(29,532)	(47)	(27,716)	(36)	(56,649)	(40)	(54,966)	(42)
Expected credit loss (gain)	6(28)	<u>77</u>	<u>-</u>	<u>(306)</u>	<u>-</u>	<u>(63)</u>	<u>-</u>	<u>(191)</u>	<u>-</u>
Total operating expenses		<u>(29,874)</u>	<u>(47)</u>	<u>(28,630)</u>	<u>(37)</u>	<u>(58,311)</u>	<u>(41)</u>	<u>(56,335)</u>	<u>(43)</u>
Income(Loss) from operations		<u>(4,941)</u>	<u>(8)</u>	<u>(13,611)</u>	<u>(18)</u>	<u>(9,305)</u>	<u>(6)</u>	<u>(28,521)</u>	<u>(22)</u>
Non-operating income and expenses									
Interest income	6(24)	555	1	395	-	1,201	1	699	-
Other income	6(25)	10,126	16	104,210	136	10,223	7	104,266	79
Other gains and losses, net	6(26)	18,125	29	(23,073)	(30)	28,243	20	(42,256)	(32)
Finance costs	6(27)	(1,919)	(3)	(2,473)	(3)	(3,613)	(3)	(4,550)	(3)
Total non-operating income and expenses		<u>26,887</u>	<u>43</u>	<u>79,059</u>	<u>103</u>	<u>36,054</u>	<u>25</u>	<u>58,159</u>	<u>44</u>
Profit before income tax		<u>21,946</u>	<u>35</u>	<u>65,448</u>	<u>85</u>	<u>26,749</u>	<u>19</u>	<u>29,638</u>	<u>22</u>
Income tax expense	6(30)	(16,513)	(26)	(791)	(1)	(22,289)	(16)	(1,272)	(1)
Profit for the year		<u>\$ 5,433</u>	<u>9</u>	<u>\$ 64,657</u>	<u>84</u>	<u>\$ 4,460</u>	<u>3</u>	<u>\$ 28,366</u>	<u>21</u>
Other comprehensive income (loss)									
Items that will not be reclassified subsequently to profit or loss:									
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	\$ 121,768	193	(\$ 12,994)	(17)	\$ 126,861	89	\$ 217,101	164
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(30)	(3,417)	(6)	(4,667)	(6)	(16,936)	(12)	(32,545)	(24)
Components of other comprehensive income that will not be reclassified to profit or loss		<u>118,351</u>	<u>187</u>	<u>(17,661)</u>	<u>(23)</u>	<u>109,925</u>	<u>77</u>	<u>184,556</u>	<u>140</u>
Items that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of foreign operations	6(22)	<u>39,688</u>	<u>63</u>	<u>46,700</u>	<u>61</u>	<u>28,054</u>	<u>20</u>	<u>86,328</u>	<u>65</u>
Other comprehensive income (loss), net of income tax		<u>\$ 158,039</u>	<u>250</u>	<u>\$ 29,039</u>	<u>38</u>	<u>\$ 137,979</u>	<u>97</u>	<u>\$ 270,884</u>	<u>205</u>
Total comprehensive income for the year		<u>\$ 163,472</u>	<u>259</u>	<u>\$ 93,696</u>	<u>122</u>	<u>\$ 142,439</u>	<u>100</u>	<u>\$ 299,250</u>	<u>226</u>
Profit attributable to:									
Shareholders of the parent		\$ 1,812	3	\$ 65,805	85	\$ 114	-	\$ 31,373	23

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, 2023 and January 1, 2022-June 30, 2022

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

Items	Notes	April 1, 2023 until June 30		April 1, 2022 until June 30		January 1, 2023 until June 30		January 1, 2022 until June 30	
		Amount	%	Amount	%	Amount	%	Amount	%
Non-controlling interests		3,621	6	(1,148)	(1)	4,346	3	(3,007)	(2)
TOTAL		<u>\$ 5,433</u>	<u>9</u>	<u>\$ 64,657</u>	<u>84</u>	<u>\$ 4,460</u>	<u>3</u>	<u>\$ 28,366</u>	<u>21</u>
Comprehensive income attributable to:									
Shareholders of the parent		\$ 159,851	253	\$ 94,844	123	\$ 138,093	97	\$ 302,257	228
Non-controlling interest		<u>3,621</u>	<u>6</u>	<u>(1,148)</u>	<u>(1)</u>	<u>4,346</u>	<u>3</u>	<u>(3,007)</u>	<u>(2)</u>
Total		<u>\$ 163,472</u>	<u>259</u>	<u>\$ 93,696</u>	<u>122</u>	<u>\$ 142,439</u>	<u>100</u>	<u>\$ 299,250</u>	<u>226</u>
Earnings per share	6(31)								
<u>Basic earnings per share</u>		<u>\$ 0.01</u>		<u>\$ 0.36</u>		<u>\$ -</u>		<u>\$ 0.17</u>	
<u>Diluted earnings per share</u>		<u>\$ 0.01</u>		<u>\$ 0.36</u>		<u>\$ -</u>		<u>\$ 0.17</u>	

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

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and January 1, 2022-June 30, 2022

(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	
January to June 2022											
	\$ 1,853,422	\$ 43,786	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796	\$ 72,763	\$ 3,479,559	
	-	-	-	-	31,373	-	-	31,373	(3,007)	28,366	
6(22)	-	-	-	-	-	86,328	184,556	270,884	-	270,884	
	-	-	-	-	31,373	86,328	184,556	302,257	(3,007)	299,250	
Appropriation of 2021 earnings											
6(21)	-	-	33,211	-	(33,211)	-	-	-	-	-	
6(21)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)	
	-	-	-	-	(179)	-	-	(179)	-	(179)	
6(20)	-	(16)	-	-	-	-	-	(16)	-	(16)	
	-	-	-	-	-	-	-	-	(2,085)	(2,085)	
	\$ 1,853,422	\$ 43,770	\$ 406,305	\$ 76,450	\$ 877,441	\$ 93,276	\$ 265,523	\$ 3,616,187	\$ 67,671	\$ 3,683,858	
January to June 2023											
	\$ 1,853,422	\$ 43,767	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670	\$ 66,419	\$ 3,677,089	
	-	-	-	-	114	-	-	114	4,346	4,460	
6(22)	-	-	-	-	-	28,054	109,925	137,979	-	137,979	
	-	-	-	-	114	28,054	109,925	138,093	4,346	142,439	
Appropriation of 2022 earnings											
6(21)	-	-	9,393	-	(9,393)	-	-	-	-	-	
6(21)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)	
6(20)	-	6,312	-	-	-	-	-	6,312	-	6,312	

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

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and January 1, 2022-June 30, 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Notes	Retained Earnings					Others			Non-controlling Interests	Total Equity
		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		
Adjustments to share of changes in equity of associates and joint ventures	-	-	-	-	18	-	-	18	-	18	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(5,865)	(5,865)	
Balance at June 30, 2023	<u>\$ 1,853,422</u>	<u>\$ 50,079</u>	<u>\$ 415,698</u>	<u>\$ 76,450</u>	<u>\$ 838,241</u>	<u>\$ 160,450</u>	<u>\$ 268,082</u>	<u>\$ 3,662,422</u>	<u>\$ 64,900</u>	<u>\$ 3,727,322</u>	

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

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and January 1, 2022-June 30, 2022

(In Thousands of New Taiwan Dollars)

	Notes	<u>January 1, 2022- June 30, 2023</u>	<u>January 1, 2022- June 30, 2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 26,749	\$ 29,638
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(28)and6(31)	8,460	8,452
Amortization expense	6(28)	6,232	5,737
Expected credit losses recognized on investments in debt instruments	6(28)	63	191
Net gain on financial assets at fair value through profit or loss	6(26)	(2,694)	4,372
Interest expense	6(27)	3,613	4,550
Interest income	6(24)	(1,201)	(699)
Dividend income	6(25)	(10,145)	(100,729)
liquidation loss	6(26)	37	-
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(26)	(631)	-
Financial assets Gain on reversal of impairment loss	6(26)	(10)	(5)
Evaluation of unrealized exchange losses on foreign currency loans	6(33)	(27,491)	37,655
Gain on lease modification	6(26)	-	(350)
Reversal of write-down of inventories	6(6)	(21,373)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Contract assets		3,525	13,542
Accounts receivable		(4,263)	(2,173)
Receivables from related parties		-	17,136
Other receivables		49,015	(336)
Inventories		39,158	-
Prepayments		(3,824)	(1,651)
Changes in operating liabilities			
Contract liabilities		9,542	5,839
Notes payable		(24)	25
Accounts payable		(1,165)	(4,143)
Payables to related parties		-	(16)
Other payables		(369)	(2,449)
Provision		(114)	(236)
Other current liabilities		(622)	(546)
Cash (out)inflow generated from operations		72,468	13,804
Interest received		1,020	696
Cash dividend received		2,999	95,848
Interest paid		(3,767)	(1,842)
Income tax paid		(2,040)	(3,916)
Net cash generated by operating activities		<u>70,680</u>	<u>104,590</u>

Kwong Fong Industries Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and January 1, 2022-June 30, 2022

(In Thousands of New Taiwan Dollars)

	Notes	<u>January 1, 2022- June 30, 2023</u>	<u>January 1, 2022- June 30, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 39,702)	(\$ 698,419)
Proceeds from capital reduction of financial assets at fair value through profit or loss	6(3) and 12(3)	-	39,349
(Increase) decrease in financial assets at amortised cost	6(4)	(1,990)	(9,500)
Acquisition of financial instruments at fair value through profit or loss		(1,477,170)	(268,190)
Disposal of financial instruments at fair value through profit or loss		1,435,929	267,916
Acquisition of property, plant and equipment	6(32)	(789)	-
Disposal of property, plant and equipment		1,144	-
Increase in refundable deposits paid		(21,191)	(18,734)
Decrease in refundable deposits paid		2,370	4,210
Acquisition of intangible assets	6(32)	(5,160)	(3,145)
Decrease in other financial assets - current		(110)	4,735
Decrease in other non-current assets		3,654	1,011
Net cash generated by (used in) investing activities		(<u>103,015</u>)	(<u>680,767</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		-	(58,000)
Increase in short-term bills payable	6(33)	-	40,000
Proceeds from long-term bank loans	6(33)	18,678	582,276
Repayment of long-term bank loans	6(33)	(21,385)	(80,224)
Decrease in guarantee deposits received	6(33)	(515)	-
Repayment of the principal portion of lease liabilities	6(33)	(7,126)	(6,479)
Cash dividends		(3,006)	(92,671)
Transfer of overdue dividends to capital surplus	6(20)	6,319	-
Expired unclaimed dividends transferred to capital surplus	6(20)	(7)	(16)
Net cash generated by (used in) financing activities		(<u>7,042</u>)	(<u>384,886</u>)
Effect of exchange rate changes		(<u>2,965</u>)	(<u>176</u>)
Net increase(decrease) in cash and cash equivalents		(42,342)	(191,115)
Cash and cash equivalents at beginning of year		311,144	301,622
Cash and cash equivalents at end of year		<u>\$ 268,802</u>	<u>\$ 110,507</u>

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2023 and the second quarter of 2022

(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 August 11, 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 2023 are as follows:

<u>New Standards, Interpretations and Amendment</u>	<u>Effective date by International Accounting Standards Board</u>
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

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.

(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 :

<u>New Standards, Interpretations and Amendment</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be decided by the 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as	January 1, 2024

current or non- current'

Amendments to IAS 1, 'Non-current liabilities with covenants' January 1, 2024

Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements' January 1, 2024

Amendments to IAS 12, 'International tax reform - pillar two model rules' May 23, 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.

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 consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim Financial Reporting' that came into effect as endorsed by the FSC.

(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 :

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>			<u>Description</u>
			<u>June 30, 2023</u>	<u>December 31,2022</u>	<u>June 30, 2022</u>	
Company	Pao Fong Asset Management Co., Ltd.	Asset Management	100%	100%	100%	-
"	Kwong Fong Holdings Limited	General investment activities	100%	100%	100%	-
"	Mdbs Digital Technology Co., Ltd.	Service of software	51%	51%	51%	-
"	Galaxy Digital Co., Ltd.	Service of software	51%	51%	51%	-
Mdbs Digital Technology Co., Ltd.	MDevelop Technology Co., Ltd.	Service of software	-	-	-	Note1
Galaxy Digital Co., Ltd.	Thunder Wind Co.,Ltd	Service of software	-	51%	51%	Note3
"	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%	100%	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, July 29, 2022, and May 9, 2022 Peter Rich Co., Ltd. Red Storm Co., Ltd. and Thunder Wind 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. Peter Rich Co., Ltd. and Red Storm Co., Ltd. were liquidated on March 30, and June 26, 2023 respectively.

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).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	3 ~ 5 years
Other equipment	3 ~ 5 years
Leasehold Improvements	2 ~ 5 years

(16).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.

(17). 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

(18). 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.

(19). 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.

(20). 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.

(21). Derecognition of financial liabilities

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

(22).Provisions

Provisions (including contract liabilities) for war liability are recognized when the Group has a present legal or constructive obligation as a result of past events, and 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.

(23).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.

(24).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.

F.The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G.If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(25).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.

(26).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.

(27).Revenue recognition

A.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.

B. 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 is reflected in profit or loss in the period when the condition for change of estimation is made known to the management.

(28).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\$1,346,577 as of June 30, 2023.

6 ° DETAILS OF SIGNIFICANT ACCOUNTS

(1).Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and petty cash	\$ 1,516	\$ 1,446	\$ 1,630
Checking accounts and demand deposit	222,986	84,298	108,877
Time deposits	44,300	225,400	-
	<u>\$ 268,802</u>	<u>\$ 311,144</u>	<u>\$ 110,507</u>

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.

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

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items :			
Mandatorily measured at FVTPL			
Listed (TSE) stocks	\$ 59,892	\$ 8,472	\$ 5,287
Derivative financial instruments	14,828	9,255	10,338
	74,720	17,727	15,625
Valuation adjustment	2,014	(2,089)	(3,144)
Total	<u>\$ 76,734</u>	<u>\$ 15,638</u>	<u>\$ 12,481</u>

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

Mandatorily measured at FVTPL	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Equity instruments	\$ 9,749	(\$ 932)
Derivative financial instruments	<u>(12,084)</u>	<u>(1,149)</u>
	<u>(\$ 2,335)</u>	<u>(\$ 2,081)</u>

Mandatorily measured at FVTPL	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Equity instruments	\$ 11,949	(\$ 1,339)
Derivative financial instruments	<u>(9,255)</u>	<u>(3,033)</u>
Total	<u>\$ 2,694</u>	<u>(\$ 4,372)</u>

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

	<u>June 30, 2023</u>	
	contract amount	
<u>derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 14,828</u>	<u>112.6.15~112.7.19</u>
	<u>December 31, 2022</u>	
	contract amount	
<u>derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 9,255</u>	<u>111.11.11~112.9.30</u>
	<u>June 30, 2022</u>	
	contract amount	
<u>derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 10,338</u>	<u>111.2.23~111.12.21</u>

Futures trading Stock index futures, which are used to obtain a price differential,

make up the Group's futures contract.

On June 30, 2023, December 31, 2022 and June 30, 2022, respectively, the retained margin balances in futures accounts were \$58,016, \$47,539 and \$49,543, while the excess margin balances were \$43,118, \$38,284 and \$39,205.

C. The amount of dividend income recognized in profit or loss for financial assets at fair value through profit or loss in From April 1st to June 30th in 2023 and 2022 and from January 1st to April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022 was NT\$4,695, NT\$22, NT\$4717 and NT\$44, respectively.

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

Items	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Non-current items :			
Equity instruments			
Foreign listed stocks	\$ 1,205,469	\$ 1,205,469	\$ 1,205,469
Foreign unlisted shares			
Hong Kong Fulcrest Limited	1,079,212	1,079,212	1,079,212
Other	16,000	16,000	16,000
Listed (TSE) stocks	566,972	527,270	527,270
Unlisted stocks	9,954	9,954	9,954
Valuation adjustment	287,912	161,051	288,107
Effect of exchange rate changes	<u>78,391</u>	<u>45,980</u>	<u>7,035</u>
Total	<u>\$ 3,243,910</u>	<u>\$ 3,044,936</u>	<u>\$ 3,133,047</u>

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 \$3,243,910, \$3,044,936 and \$3,133,047 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

B. The amount of financial assets at fair value through other comprehensive income in April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 was \$121,768, (\$12,994), \$126,861 and \$217,101, respectively.

C. The amount of dividend income recognized in profit or loss for financial assets at

fair value through other comprehensive income in April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 was NT\$5,428, NT\$100,685, NT\$5,428 and NT\$100,685, 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\$3,243,910, NT\$3,044,936 and NT\$3,133,047 for financial assets at fair value through other comprehensive income, as of June 30, 2023, December 31, 2022 and June 30, 2022, 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	June 30, 2023	December 31, 2022	June 30, 2022
Current items			
Time deposits exceeding 3 months	\$ 20,990	\$ 19,000	\$ 218,000
Current items			
Time deposits exceeding 3 months	-	-	5,000
Total	<u>\$ 20,990</u>	<u>\$ 19,000</u>	<u>\$ 223,000</u>

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

B. As at June 30, 2023, December 31, 2022 and June 30, 2022,, 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 \$20,990, \$19,000 and \$223,000 respectively.

(5).Accounts receivable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable	\$ 26,105	\$ 21,842	\$ 32,681
Less: Allowance for bad debts	(268)	(205)	(583)
	<u>\$ 25,837</u>	<u>\$ 21,637</u>	<u>\$ 32,098</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Not past due	\$ 23,898	\$ 21,208	\$ 27,754
Past due within 30 days	1,384	67	3,632
31 to 90 days	445	567	-
91 to 180 days	378	-	-
More than 181 days	-	-	1,295
	<u>\$ 26,105</u>	<u>\$ 21,842</u>	<u>\$ 32,681</u>

The above ageing analysis was based on past due date.

B.As of June 30, 2023, December 31, 2022and June 30, 2022, the balances of receivables from contracts with customers. At January 1, 2022 amounted to \$ 30,503.

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

(6).Inventories

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Real property for sale	\$ 129,597	\$ 147,382	\$ 147,382
Land held for construction site	<u>500,024</u>	<u>500,024</u>	<u>500,024</u>
Total	<u>\$ 629,621</u>	<u>\$ 647,406</u>	<u>\$ 647,406</u>

A. Real property for sale

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Dazhi Section of Bade City	\$ 17,811	\$ 17,811	\$ 17,811
Tamsui Shulinkou section	219,300	258,458	258,458
Taode Section and Qiancheng Section of Bade City	1,029	1,029	1,029
Taoyuan City Middle Road Section	<u>666</u>	<u>666</u>	<u>666</u>
Subtotal	238,806	277,964	277,964
Less: Allowance for valuation losses	<u>(109,209)</u>	<u>(130,582)</u>	<u>(130,582)</u>
Total	<u>\$ 129,597</u>	<u>\$ 147,382</u>	<u>\$ 147,382</u>

B. Land held for construction site

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land held for construction site	\$ 509,757	\$ 509,757	\$ 509,757
Less: Allowance for valuation losses	<u>(9,733)</u>	<u>(9,733)</u>	<u>(9,733)</u>
Total	<u>\$ 500,024</u>	<u>\$ 500,024</u>	<u>\$ 500,024</u>

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

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Leases cost	<u>\$ 12</u>	<u>\$ 12</u>
cost of selling premises	\$ 39,158	\$ -
Inventory Turnover Benefit	(21,373)	-
Leases cost	<u>24</u>	<u>24</u>
Total	<u>\$ 17,809</u>	<u>\$ 24</u>

D. A portion of the Group' s available property inventory was sold in 2023, resulting in a reversal in inventory amounting to \$21,373.

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

(7).Property, plant and equipment

	2023							Total
	Land	Buildings	Office equipment	Others equipment	Lease asset	Leasehold Improvements		
At January 1								
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)
	<u>\$ 22,489</u>	<u>\$ 6,435</u>	<u>\$ 1,033</u>	<u>\$ 130</u>	<u>\$ 1,507</u>	<u>\$ 4,174</u>	<u>\$</u>	<u>35,768</u>
At January 1	\$ 22,489	\$ 6,435	\$ 1,033	\$ 130	\$ 1,507	\$ 4,174	\$	35,768
Additions	-	-	190	599	-	-		789
Disposals	(237)	(380)	(3,293)	-	-	(1,639)	(5,549)
Accumulated depreciation on disposal date	-	380	3,017	-	-	1,639		5,036
Reclassifications	-	235	(235)	-	-	-		-
Depreciation	-	(94)	(192)	(75)	(25)	(971)	(1,357)
At June 30	<u>\$ 22,252</u>	<u>\$ 6,576</u>	<u>\$ 520</u>	<u>\$ 654</u>	<u>\$ 1,482</u>	<u>\$ 3,203</u>	<u>\$</u>	<u>34,687</u>
At June 30								
Cost	\$ 22,252	\$ 7,927	\$ 5,407	\$ 1,214	\$ 2,442	\$ 8,723	\$	47,965
Accumulated depreciation	-	(1,351)	(4,887)	(560)	(960)	(5,520)	(13,278)
Accumulated depreciation	<u>\$ 22,252</u>	<u>\$ 6,576</u>	<u>\$ 520</u>	<u>\$ 654</u>	<u>\$ 1,482</u>	<u>\$ 3,203</u>	<u>\$</u>	<u>34,687</u>

	2022							Total
	Land	Buildings	Office equipment	Others equipment	Lease asset	Leasehold Improvements		
At January 1								
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)
	<u>\$ 66,313</u>	<u>\$ 9,772</u>	<u>\$ 1,762</u>	<u>\$ -</u>	<u>\$ 1,556</u>	<u>\$ 6,663</u>	<u>\$</u>	<u>86,066</u>
At January 1	\$ 66,313	\$ 9,772	\$ 1,762	\$ -	\$ 1,556	\$ 6,663	\$	86,066
Depreciation	-	(190)	(359)	-	(24)	(1,305)	(1,878)
At June 30	<u>\$ 66,313</u>	<u>\$ 9,582</u>	<u>\$ 1,403</u>	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 5,358</u>	<u>\$</u>	<u>84,188</u>
At June 30								
Cost	\$ 66,313	\$ 12,132	\$ 8,510	\$ 462	\$ 2,442	\$ 10,362	\$	100,221
Accumulated depreciation	-	(2,550)	(7,107)	(462)	(910)	(5,004)	(16,033)
Accumulated depreciation	<u>\$ 66,313</u>	<u>\$ 9,582</u>	<u>\$ 1,403</u>	<u>\$ -</u>	<u>\$ 1,532</u>	<u>\$ 5,358</u>	<u>\$</u>	<u>84,188</u>

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 the relevant price was deposited into the special account for performance guarantee and received on January 16,2023.

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 :

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Buildings	\$ 31,362	\$ 38,112	\$ 1,686
Transportation equipment	<u>1,686</u>	<u>1,293</u>	<u>113</u>
	<u>\$ 33,048</u>	<u>\$ 39,405</u>	<u>\$ 41,799</u>

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 3,375	\$ 3,213
Transportation equipment	<u>168</u>	<u>48</u>
	<u>\$ 3,543</u>	<u>\$ 3,261</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 6,750	\$ 6,478
Transportation equipment	353	96
	<u>\$ 7,103</u>	<u>\$ 6,574</u>

D.For the years ended December 31, 2023 and January 1, 2022-June 30, 2022, the additions to right-of-use assets were \$746 and \$9,627, respectively.

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

<u>Items affecting profit or loss</u>	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Interest expense on lease liabilities	\$ 129	\$ 328
Expense on short-term lease contracts	155	1,091
Expense on leases of low-value assets	25	28
Gains arising from lease modifications	-	350

<u>Items affecting profit or loss</u>	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Interest expense on lease liabilities	\$ 271	\$ 542
Expense on short-term lease contracts	347	1,337
Expense on leases of low-value assets	52	58
Gains arising from lease modifications	-	350

F. For the years ended December 31, 2023 and January 1, 2022-June 30, 2022,, the Group' s total cash outflow for leases amounted to \$7,796 and \$8,416, 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 1st to June 30th in 2023 and 2022 and from January 1st to

June 30th in 2023 and 2022, the Group recognised rent income in the amounts of \$192, \$399,\$365 and \$755, respectively, based on the operating lease agreement, which does include variable lease payments.

C.Gain arising from operating lease agreements for the years ended 1st to June 30th in 2023 and 2022 and from January 1st to June 30th in 2023 and 2022,are as follows:

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Rental revenue	<u>\$ 192</u>	<u>\$ 380</u>
Rental income recognized as variable lease payments	<u>\$ -</u>	<u>\$ 19</u>
	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Rental revenue	<u>\$ 365</u>	<u>\$ 709</u>
Rental income recognized as variable lease payments	<u>\$ -</u>	<u>\$ 46</u>

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

	<u>June 30, 2023</u>		<u>June 30, 2022</u>
2022	\$ -	2022	\$ 431
2023	517	2023	114
2024	234	2024	-
2025	120	2025	-
2026	120	2026	-
2026 years later	<u>160</u>	2026 years late	<u>-</u>
Total	<u>\$ 1,151</u>	Total	<u>\$ 545</u>

(10).Intangible assets

	<u>2023</u>					
	<u>Computer software</u>	<u>Goodwill</u>	<u>Technological expertise</u>	<u>Patents</u>	<u>Client relationship</u>	<u>Total</u>
At January 1						
Cost	\$ 19,607	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 5,274
Accumulated depreciation and accumulated impairment losses	(9,232)	-	(2,486)	(2,731)	(6,430)	(20,879)
	<u>\$ 10,375</u>	<u>\$ 32,583</u>	<u>\$ 16,157</u>	<u>\$ 10,926</u>	<u>\$ 4,354</u>	<u>\$ 74,395</u>
At January 1	\$ 10,375	\$ 32,583	\$ 16,157	\$ 10,926	\$ 4,354	\$ 74,395
Additions	5,160	-	-	-	-	5,160
Disposals	(219)	-	-	-	-	(219)
Accumulated depreciation on disposal date	219	-	-	-	-	219
Amortization	(3,320)	-	(621)	(683)	(1,608)	(6,232)
At June 30	<u>\$ 12,215</u>	<u>\$ 32,583</u>	<u>\$ 15,536</u>	<u>\$ 10,243</u>	<u>\$ 2,746</u>	<u>\$ 73,323</u>
At June 30						
Cost	\$ 24,548	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 100,215
Accumulated depreciation and accumulated impairment losses	(12,333)	-	(3,107)	(3,414)	(8,038)	(6,892)
	<u>\$ 12,215</u>	<u>\$ 32,583</u>	<u>\$ 15,536</u>	<u>\$ 10,243</u>	<u>\$ 2,746</u>	<u>\$ 3,323</u>
	<u>2022</u>					
	<u>Computer software</u>	<u>Goodwill</u>	<u>Technological expertise</u>	<u>Patents</u>	<u>Client relationship</u>	<u>Total</u>
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)
	<u>\$ 13,073</u>	<u>\$ 32,583</u>	<u>\$ 17,400</u>	<u>\$ 12,291</u>	<u>\$ 7,569</u>	<u>\$ 82,916</u>
At January 1	\$ 13,073	\$ 32,583	\$ 17,400	\$ 12,291	\$ 7,569	\$ 82,916
Additions	3,145	-	-	-	-	3,145
Reclassifications	(2,776)	-	-	-	-	(2,776)
Amortization	(2,825)	-	(621)	(683)	(1,608)	(5,737)
At June 30	<u>\$ 10,617</u>	<u>\$ 32,583</u>	<u>\$ 16,779</u>	<u>\$ 11,608</u>	<u>\$ 5,961</u>	<u>\$ 77,548</u>
At June 30						
Cost	\$ 16,622	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 92,289
Accumulated depreciation and accumulated impairment losses	(6,005)	-	(1,864)	(2,049)	(4,823)	(14,741)
	<u>\$ 10,617</u>	<u>\$ 32,583</u>	<u>\$ 16,779</u>	<u>\$ 11,608</u>	<u>\$ 5,961</u>	<u>\$ 77,548</u>

(11).Refundable deposits

Items	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Futures Trading Margin	\$ 41,701	\$ 39,129	\$ 40,870
Contract project deposit	6,618	6,429	7,198
Operating margin	5,000	5,000	5,000
Leases margin	3,048	4,054	4,053
Special store deposit	-	-	9,000
Other	913	917	912
Total	<u>\$ 57,280</u>	<u>\$ 55,529</u>	<u>\$ 67,033</u>

(12).Short-term loans

A. As of June 30, 2023, the Group had no outstanding balance of short-term loans.

B. In From April 1st to June 30th in the 2023 and 2022 years of the Republic of China and from January 1st to June 30th in the 2023 and 2022 year of the Republic of China, the Group recognized interest accrued in the amounts of \$1,774, \$2,118, \$3,322 and \$3,968 related to its long-term and short-term borrowings, respectively.

(13).short-term notes and bills payable

<u>Nature of borrowing</u>	<u>June 30, 2022</u>	<u>Interest rate</u>	<u>Collaterals</u>
Short-term bills payable	\$ 40,000	1.250%	None
Less: Unamortized discount	(12)		
	<u>\$ 39,988</u>		

A. As of June 30, 2023, the Group had no outstanding balance of short-term bills payable.

B.The interest expense recognized by the Group in profit and loss for the period from April 1 to June 30, 2023 and 2022 and January 2023 and 2022 to June 30, respectively, was \$11, \$19, \$11 and \$25, respectively.

(14).Financial liabilities at fair value through profit or loss.

A. As of June 30, 2023, the Group had no outstanding balance of Financial liabilities at fair value through profit or loss.

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

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2023-June 30, 2022</u>
Net profit or loss recognized in profit or loss :		
Financial liabilities at FVTPL Held for trading	<u>\$ 466</u>	<u>\$ -</u>
	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2023-June 30, 2022</u>
Net profit or loss recognized in profit or loss :		
Financial liabilities at FVTPL Held for trading	<u>\$ 652</u>	<u>\$ -</u>

(15).Accounts payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable	\$ 5,414	\$ 7,743	\$ 4,223
Provisional accounts payable	<u>1,164</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,578</u>	<u>\$ 7,743</u>	<u>\$ 4,223</u>

(16).Long-term bank loans

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>June 30, 2023</u>	<u>Collaterals</u>
<u>Long-term loans</u>				
Mortgage and secured bank loans	Borrowing period is from August 27, 2019 to August 27, 2039 and pay monthly	0.75%~2.55%	\$ 548,109	Financial assets at fair value through other comprehensive income
Less: Long-term liabilities - current portion			-	
			<u>\$ 548,109</u>	

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>December 31, 2022</u>	<u>Collaterals</u>
<u>Long-term loans</u>				
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)	
			<u>\$ 564,541</u>	

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>June 30, 2022</u>	<u>Collaterals</u>
<u>Long-term loans</u>				
Mortgage and secured bank loans	Borrowing period is from August 27, 2019 to August 27, 2039 and pay monthly	0.98%~1.64%	\$ 622,464	Financial assets at fair value through other comprehensive income and Property, plant and equipment
Less: Long-term liabilities - current portion			(599)	
			<u>\$ 621,865</u>	

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

(17).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 From April 1st to June 30th in the 112nd and 111th years of the Republic

of China and from January 1st to June were \$1,299 \$1,398 \$2,643 and \$2,781, respectively.

(18).Provision

	<u>Onerous Contracts</u>			
	<u>2023</u>		<u>2022</u>	
At January 1	\$	114	\$	658
Provisions during the year		103		71
Provisions used during the year	(217)	(307)
At June 30	\$	<u>-</u>	\$	<u>422</u>

The ageing analysis of provision is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current			
Onerous Contracts	\$ <u>-</u>	\$ <u>114</u>	\$ <u>422</u>

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.

(19).Capital stock

As of June 30, 2023, 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.

(20).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.

	<u>2023</u>		
	<u>Adjustments to share of changes in equity of associates and joint ventures</u>	<u>Expired unclaimed dividends</u>	<u>Total</u>
At January 1	\$ 30,861	\$ 12,906	\$ 43,767
Dividends paid to Expired unclaimed	<u>-</u>	<u>6,312</u>	<u>6,312</u>
At June 30	<u>\$ 30,861</u>	<u>\$ 19,218</u>	<u>\$ 50,079</u>
			<u>2022</u>
	<u>Adjustments to share of changes in equity of associates and joint ventures</u>	<u>Expired unclaimed dividends</u>	<u>Total</u>
At January 1	\$ 30,861	\$ 12,925	\$ 43,786
Dividends paid to Expired unclaimed	<u>-</u>	<u>(16)</u>	<u>(16)</u>
At June 30	<u>\$ 30,861</u>	<u>\$ 12,909</u>	<u>\$ 43,770</u>

(21).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 June 30, 2023.

E.On May 31, 2012 and May 31, 2011, the company passed the resolution of the shareholders' meeting in 2012 and 2011 as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Accrual of legal reserve	\$ 9,393		\$ 33,211	
Appropriation of cash dividends to shareholders	92,671	\$ 0.50	92,671	\$ 0.50

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

(22).Other equity items

	<u>2023</u>		
	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	\$ 158,157	\$ 132,396	\$ 290,553
Revaluation	126,861	-	126,861
Revaluation – tax	(16,936)	-	(16,936)
Currency translation differences	-	28,054	28,054
At June 30	<u>\$ 268,082</u>	<u>\$ 160,450</u>	<u>\$ 428,532</u>

	<u>2022</u>		
	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	\$ 80,967	\$ 6,948	\$ 87,915
Revaluation	217,101	-	217,101
Revaluation – tax	(32,545)	-	(32,545)
Currency translation differences	-	86,328	86,328
At June 30	<u>\$ 265,523</u>	<u>\$ 93,276</u>	<u>\$ 358,799</u>

(23).Operating revenue

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2023-June 30, 2022</u>
Revenue from computer software services	\$ 62,932	\$ 75,893
Other revenue	192	968
Revenue	<u>\$ 63,124</u>	<u>\$ 76,861</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Revenue from computer software services	\$ 118,556	\$ 130,957
Other revenue	23,433	-
Revenue	365	1,324
Revenue from computer software services	<u>\$ 142,354</u>	<u>\$ 132,281</u>

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:

	<u>Revenue from computer software services</u>	<u>Revenue from sales of real estate</u>	<u>Other</u>	<u>Total</u>
April 1, 2023-June 30, 2023				
Revenue from external customer contracts	\$ 62,932	\$ -	\$ 192	\$ 63,124
Inter- segment revenue	<u>3,990</u>	<u>-</u>	<u>-</u>	<u>3,990</u>
Total	<u>\$ 66,922</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 67,114</u>
Disaggregation of revenue from contracts with customers				
Revenue at a point in time	\$ -	\$ -	\$ -	\$ -
	<u>62,932</u>	<u>-</u>	<u>192</u>	<u>63,124</u>
Revenue from the transfer of services over time	<u>\$ 62,932</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 63,124</u>
	<u>Revenue from computer software services</u>	<u>Revenue from sales of real estate</u>	<u>Other</u>	<u>Total</u>
January 1, 2023-June 30, 2023				
Revenue from external customer contracts	\$ 118,556	\$ 23,433	\$ 365	\$ 142,354
Inter- segment revenue	<u>7,669</u>	<u>-</u>	<u>-</u>	<u>7,669</u>
Total	<u>\$ 126,225</u>	<u>\$ 23,433</u>	<u>\$ 365</u>	<u>\$ 150,023</u>
Disaggregation of revenue from contracts with customers				
Revenue at a point in time	\$ -	\$ 23,433	\$ -	\$ 23,433
	<u>118,556</u>	<u>-</u>	<u>365</u>	<u>118,921</u>
Revenue from the transfer of services over time	<u>\$ 118,556</u>	<u>\$ 23,433</u>	<u>\$ 365</u>	<u>\$ 142,354</u>

	Revenue from computer software services		Other	Total
April 1, 2022-June 30, 2022				
Revenue from external customer contracts	\$ 75,893	\$ 968	\$ 76,861	
Inter-segment revenue	8,457	370	8,827	
Total	<u>\$ 84,350</u>	<u>\$ 1,338</u>	<u>\$ 85,688</u>	
Disaggregation of revenue from contracts with customers				
Revenue at a point in time	\$ -	\$ 569	\$ 569	
	75,893	399	76,292	
Revenue from the transfer of services over time	<u>\$ 75,893</u>	<u>\$ 968</u>	<u>\$ 76,861</u>	
January 1, 2022-June 30, 2022				
Revenue from external customer contracts	\$ 130,957	\$ 1,324	\$ 132,281	
Inter-segment revenue	16,333	911	17,244	
Total	<u>\$ 147,290</u>	<u>\$ 2,235</u>	<u>\$ 149,525</u>	
Disaggregation of revenue from contracts with customers				
Revenue at a point in time	\$ -	\$ 569	\$ 569	
	130,957	755	131,712	
Revenue from the transfer of services over time	<u>\$ 130,957</u>	<u>\$ 1,324</u>	<u>\$ 132,281</u>	

B.Contract assets and liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract assets	<u>\$ 8,092</u>	<u>\$ 11,617</u>	<u>\$ 10,399</u>	<u>\$ 23,941</u>
Contract liabilities	<u>\$ 31,685</u>	<u>\$ 22,143</u>	<u>\$ 28,129</u>	<u>\$ 22,290</u>

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

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance project payment	\$ 1,816	\$ 3,527
Rent in advance	<u>-</u>	<u>-</u>
	<u>\$ 1,816</u>	<u>\$ 3,527</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance project payment	\$ 18,856	\$ 13,089
Rent in advance	<u>126</u>	<u>60</u>
	<u>\$ 18,982</u>	<u>\$ 13,149</u>

(24).Interest income

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Interest income from bank deposits	\$ 492	\$ 394
Other Interest income	<u>63</u>	<u>1</u>
	<u>\$ 555</u>	<u>\$ 395</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Interest income from bank deposits	\$ 1,067	\$ 678
Other Interest income	<u>134</u>	<u>21</u>
	<u>\$ 1,201</u>	<u>\$ 699</u>

(25).Other income

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Dividend income	\$ 10,123	\$ 100,707
Other income, others	<u>3</u>	<u>3,503</u>
	<u>\$ 10,126</u>	<u>\$ 104,210</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Dividend income	\$ 10,145	\$ 100,729
Other income, others	<u>78</u>	<u>3,537</u>
	<u>\$ 10,223</u>	<u>\$ 104,266</u>

(26).Other gains and losses

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Unrealized gain on foreign currency exchange, net	\$ 20,478	(\$ 21,067)
Profit from lease modification	-	350
liquidation loss	(37)	-
(Loss) interest in financial assets at fair value through profit or loss	(2,335)	(2,081)
Disposal of interests in real property, plant and equipment	631	-
Amount at fair value through profit or loss Financial liability interest	466	-
Other expenses	(1,078)	(275)
	<u>\$ 18,125</u>	<u>(\$ 23,073)</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Unrealized gain on foreign currency exchange, net	\$ 26,220	(\$ 37,665)
Profit from lease modification	-	350
liquidation loss	(37)	-
(Loss) interest in financial assets at fair value through profit or loss	2,694	(4,372)
Loss on disposal of property, plant and equipment	631	-
Amount at fair value through profit or loss Financial liability interest	652	-
Interest on reversal of financial assets	-	5
Other gains	10	-
Other expenses	(1,927)	(574)
	<u>\$ 28,243</u>	<u>(\$ 42,256)</u>

(27).Finance costs

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Interest expense		
Bank loans	\$ 1,774	\$ 2,118
Commercial papers payable	11	19
Other finance expense	134	336
	<u>\$ 1,919</u>	<u>\$ 2,473</u>
	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Interest expense		
Bank loans	\$ 3,322	\$ 3,968
Commercial papers payable	11	25
Other finance expense	280	557
	<u>\$ 3,613</u>	<u>\$ 4,550</u>

(28).Expenses by nature

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Services cost	\$ 13,930	\$ 35,061
Other operating costs	4,581	6,172
Depreciation charges on property, plant and equipment	636	944
Depreciation charges on right-of-use assets	3,543	3,261
Employee benefit expense	31,548	33,615
Expected credit loss (gain)	(77)	306
Amortisation charges	3,093	3,000
Service expenses	1,659	1,759
Other operating expenses	<u>9,152</u>	<u>6,354</u>
	<u>\$ 68,065</u>	<u>\$ 90,472</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Cost of sales of real estate	\$ 39,158	\$ -
Services cost	27,996	52,584
Other Operating Costs - Return on Inventory	(21,373)	-
Other operating costs	8,434	10,459
Depreciation charges on property, plant and equipment	1,357	1,878
Depreciation charges on right-of-use assets	7,103	6,574
Employee benefit expense	62,643	66,927
Expected credit loss (gain)	63	191
Amortisation charges	6,232	5,737
Service expenses	2,773	3,731
Other operating expenses	<u>17,273</u>	<u>12,721</u>
	<u>\$ 151,659</u>	<u>\$ 160,802</u>

(29).Employee benefit expense

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Wages and salaries	\$ 26,926	\$ 28,828
Labor and health insurance fees	2,339	2,501
Pension costs	1,299	1,398
Other personnel expenses	<u>984</u>	<u>888</u>
	<u>\$ 31,548</u>	<u>\$ 33,615</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Wages and salaries	\$ 53,241	\$ 57,294
Labor and health insurance fees	4,775	5,067
Pension costs	2,643	2,781
Other personnel expenses	<u>1,984</u>	<u>1,785</u>
Wages and salaries	<u>\$ 62,643</u>	<u>\$ 66,927</u>

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 April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022, employees' compensation was accrued at \$16 \$32 \$16 and \$32, respectively; while directors' and supervisors' remuneration was accrued at \$16 \$32 \$16 and \$32, respectively. The aforementioned amount is listed in the account of salary expenses.

In accordance with the Articles of Incorporation of the Company, based on the profit for the six-month periods ended June 30, 2022, employees' compensation and directors remunerations were accrued at 1% respectively. On March 24, 2023, the Company's Board of Directors resolved to accrue employees compensation and directors' remunerations amounting to \$600 and \$900, respectively. The amounts were in agreement with those amounts recognised as salary expenses in the 2022 financial statements. The remuneration of employees and directors listed in the 2022 has not been actually distributed as of August 11, 2023. 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.

(30).Income tax

A.Income tax expense

(a).Components of income tax expense

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Current tax :		
Current tax on profits for the period	\$ 519	\$ 796
Prior year income tax overestimation	(97)	(38)
Total current tax	<u>422</u>	<u>758</u>
Deferred tax :		
Origination and reversal of temporary differences	<u>16,091</u>	<u>33</u>
Total deferred tax	<u>16,091</u>	<u>33</u>
Income tax expense	<u>\$ 16,513</u>	<u>\$ 791</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Current tax :		
Current tax on profits for the period	\$ 2,191	\$ 1,282
Prior year income tax overestimation	(97)	(38)
Land value increment tax included in current tax	<u>1,420</u>	<u>-</u>
Total current tax	<u>3,514</u>	<u>1,244</u>
Deferred tax :		
Origination and reversal of temporary differences	<u>18,775</u>	<u>28</u>
Total deferred tax	<u>18,775</u>	<u>28</u>
	<u>\$ 22,289</u>	<u>\$ 1,272</u>

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

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Changes in fair value of financial assets at fair value through other comprehensive loss	<u>(\$ 3,417)</u>	<u>(\$ 4,667)</u>
	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Changes in fair value of financial assets at fair value through other comprehensive loss	<u>(\$ 16,936)</u>	<u>(\$ 32,545)</u>

B. 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.

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

(31). Earnings per share

	<u>April 1, 2023-June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>Share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 1,812</u>	<u>185,342</u>	<u>\$ 0.01</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	\$ 1,812	\$ 185,342	
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>52</u>	
Net profit for the current period attributable to ordinary shareholders of the parent company as plus the impact of potential ordinary shares	<u>\$ 1,812</u>	<u>185,394</u>	<u>\$ 0.01</u>

	<u>April 1, 2022-June 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>Share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 65,805</u>	<u>185,342</u>	<u>\$ 0.36</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	\$ 65,805	\$ 185,342	
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>10</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	<u>\$ 65,805</u>	<u>185,352</u>	<u>\$ 0.36</u>

	<u>January 1, 2023-June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>Share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 114</u>	<u>185,342</u>	<u>\$ 0.00</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	\$ 114	\$ 185,342	
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>52</u>	
Net profit for the current period attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares	<u>\$ 114</u>	<u>185,394</u>	<u>\$ 0.00</u>

	<u>January 1, 2022-June 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>Share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholder	<u>\$ 31,373</u>	<u>185,342</u>	<u>\$ 0.17</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	\$ 31,373	\$ 185,342	
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	10	
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	<u>\$ 31,373</u>	<u>185,352</u>	<u>\$ 0.17</u>

(32).Supplemental cash flow information

Investing activities with partial cash payment:

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Purchase of property, plant, equipment and Intangible assets	\$ 5,949	\$ 3,145
Add: Opening balance of payable on equipment	-	-
Less: Ending balance of payable on equipment	-	-
Cash paid during the period	<u>\$ 5,949</u>	<u>\$ 3,145</u>

(33).Changes in liabilities from financing activities

	<u>2023</u>					
	<u>Short-term</u> <u>loans</u>	<u>Short-term</u> <u>bills payable</u>	<u>Long-term</u> <u>borrowings</u> <u>(including current</u> <u>portion)</u>	<u>Guarantee</u> <u>deposits</u> <u>received</u>	<u>Lease</u> <u>liabilities</u>	<u>Liabilities from</u> <u>financing</u> <u>activities-</u> <u>gross</u>
January 1	\$ -	\$ -	\$ 578,307	\$ 1,088	\$40,292	\$ 619,687
Changes in cash flow from financing activities	-	-	(2,707)	(515)	(7,126)	(10,348)
Changes in other non-cash item	-	-	(27,491)	-	745	(26,746)
June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,109</u>	<u>\$ 573</u>	<u>\$33,911</u>	<u>\$ 582,593</u>
	<u>2022</u>					
	<u>Short-term</u> <u>loans</u>	<u>Short-term</u> <u>bills payable</u>	<u>Long-term</u> <u>borrowings</u> <u>(including current</u> <u>portion)</u>	<u>Guarantee</u> <u>deposits</u> <u>received</u>	<u>Lease</u> <u>liabilities</u>	<u>Liabilities from</u> <u>financing</u> <u>activities-gross</u>
January 1	\$ 58,000	\$ -	\$ 79,224	\$ 1,089	\$ 51,389	\$ 189,702
Changes in cash flow from financing activities	(58,000)	40,000	502,052	-	(6,479)	477,573
Changes in other non-cash item	-	(12)	41,188	-	(2,190)	38,986
June 30	<u>\$ -</u>	<u>\$ 39,988</u>	<u>\$ 622,464</u>	<u>\$ 1,089</u>	<u>\$ 42,720</u>	<u>\$ 706,261</u>

7 • RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
	Other related party
Chin Fung Industrial Co., Ltd.	(Dissolution and liquidation)
	Other related party
Grandcheer Construction Corporation	(Dissolution and liquidation)
Yujing Technology Co., Ltd.	Other related party
Mobile Communications	
Holdings Co., Ltd.	Other related party
Encirich Enterprise Co., Ltd.	Other related party
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

A. Operating revenue

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Other operating revenue:		
Hemisphere Industries Corp.	\$ 56	\$ 56
Luo Sheng Fong Co., Ltd.	28	29
Luo Shengtai Co., Ltd.	<u>29</u>	<u>29</u>
	<u>\$ 113</u>	<u>\$ 114</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Other operating revenue:		
Hemisphere Industries Corp.	\$ 114	\$ 114
Luo Sheng Fong Co., Ltd.	57	57
Luo Shengtai Co., Ltd.	<u>57</u>	<u>57</u>
	<u>\$ 228</u>	<u>\$ 228</u>

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

B. Contract liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Luo Sheng Fong Co., Ltd.	\$ 86	\$ 30	\$ 90
Luo Shengtai Co., Ltd.	<u>86</u>	<u>30</u>	<u>90</u>
Total	<u>\$ 172</u>	<u>\$ 60</u>	<u>\$ 180</u>

(3).Key management compensation

	<u>April 1, 2023-June 30, 2023</u>	<u>April 1, 2022-June 30, 2022</u>
Salaries and other short-term employee benefits	\$ 6,276	\$ 4,884
Post-employment benefits	<u>-</u>	<u>-</u>
Total	<u>\$ 6,276</u>	<u>\$ 4,884</u>

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Salaries and other short-term employee benefits	\$ 12,360	\$ 9,767
Post-employment benefits	<u>-</u>	<u>-</u>
Total	<u>\$ 12,360</u>	<u>\$ 9,767</u>

8 ◦ PLEDGED ASSETS

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

Pledged assets	<u>Book value</u>			<u>Purpose</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
Inventories - Real property for sale	\$ 72,245	\$ 72,245	\$ 72,245	Short-term loans credit line、Short-term loans
Property, plant and equipment	1,482	1,506	21,504	
Financial assets at fair value through other comprehensive income-noncurrent	<u>1,706,083</u>	<u>1,533,548</u>	<u>1,649,471</u>	Short-term loans credit line、Long-term liabilities
	<u>\$ 1,779,810</u>	<u>\$ 1,607,299</u>	<u>\$ 1,743,220</u>	

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 June 30, 2023, the second arbitral tribunal is still in trial.

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.

(2).Commitments

None.

1 0 ° SIGNIFICANT DISASTER LOSS

None.

1 1 ° SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

1 2 ° 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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 76,734	\$ 15,638	\$ 12,481
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	3,243,910	3,044,936	3,133,047
Financial assets at amortized cost			
Cash and cash equivalents	268,802	311,144	110,507
Financial assets at amortized cost	20,990	19,000	223,000
Contract assets	8,092	11,617	10,399
Accounts receivable	25,837	21,637	32,098
Other receivables	10,011	55,648	15,520
Guarantee deposits	<u>57,280</u>	<u>55,529</u>	<u>67,033</u>
	<u>\$ 3,711,656</u>	<u>\$ 3,535,149</u>	<u>\$ 3,604,085</u>
	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term bills payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,988</u>
Contract liabilities	<u>31,685</u>	<u>22,143</u>	<u>28,129</u>
Notes payable	<u>-</u>	<u>24</u>	<u>25</u>
Accounts payable	<u>6,578</u>	<u>7,743</u>	<u>4,223</u>
Other payables	<u>131,013</u>	<u>38,865</u>	<u>41,767</u>
Long-term liabilities - current portion	<u>548,109</u>	<u>578,307</u>	<u>622,464</u>
Guarantee deposits received	<u>573</u>	<u>1,088</u>	<u>1,089</u>
	<u>\$ 717,958</u>	<u>\$ 648,170</u>	<u>\$ 737,685</u>
Lease liabilities	<u>\$ 33,911</u>	<u>\$ 40,292</u>	<u>\$ 42,720</u>

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:

	<u>June 30, 2023</u>		
	<u>Foreign</u>		<u>Carrying Amount</u>
(Foreign currency: functional currency)	<u>currency</u>	<u>Exchange</u>	<u>Book</u>
	<u>amount</u>	<u>rate</u>	<u>Value</u>
			<u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2	31.140	\$ 62
HKD : NTD	160	3.974	636
Non-monetary items			
USD : NTD	64,016	31.140	1,993,456
HKD : NTD	42,471	3.974	168,778
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	8,819	31.140	274,613
JPY : NTD	856,052	0.215	184,054
CHF : NTD	2,585	34.595	89,428

	<u>December 31, 2022</u>		
	<u>Foreign</u>		<u>Carrying Amount</u>
(Foreign currency: functional currency)	<u>currency</u>	<u>Exchange</u>	<u>Book</u>
	<u>amount</u>	<u>rate</u>	<u>Value</u>
			<u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2	30.710	\$ 61
HKD : NTD	853	3.938	3,359
Non-monetary items			
USD : NTD	43,898	30.710	1,348,096
HKD : NTD	303,854	3.938	1,196,577
<u>Monetary items</u>			
JPY : NTD	1,705,956	0.232	396,464
CHF : NTD	5,062	33.205	168,077

	<u>June 30, 2022</u>		
(Foreign currency: functional currency)	<u>Foreign currency amount</u>	<u>Exchange rate</u>	<u>Carrying Amount Book Value (NTD)</u>
Financial assets			
<u>Monetary items</u>			
USD : NTD	\$ 2	29.720	\$ 59
HKD : NTD	111	3.788	420
Non-monetary items			
USD : NTD	44,263	29.720	1,315,504
HKD : NTD	341,876	3.788	1,295,026
Financial liabilities			
<u>Monetary items</u>			
HKD : NTD	160,629	3.788	608,464

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

	<u>January 1, 2023-June 30, 2023</u>		
(Foreign currency: functional currency)	<u>Sensitivity analysis</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on othe comprehensive income</u>
Financial assets			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1	\$ -
HKD : USD	1.00%	6	-
Non-monetary items			
USD : NTD	1.00%	-	19,935
HKD : USD	1.00%	-	1,688
Financial liabilities			
<u>Monetary items</u>			
USD : NTD	1.00%	2,746	-
JPY : NTD	1.00%	1,841	-
CHF : NTD	1.00%	894	-

January 1, 2022-June 30, 2022

<u>(Foreign currency: functional currency)</u>	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on othe comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1	\$ -
HKD : USD	1.00%	4	-
<u>Non-monetary items</u>			
USD : NTD	1.00%	-	13,155
HKD : USD	1.00%	-	12,950
<u>Financial liabilities</u>			
<u>Monetary items</u>			
HKD : USD	1.00%	6,085	-

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 2023 and January 1, 2022-June 30, 2022 increased or decreased by \$7,789 and \$38, 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 \$21,665 and \$26,105, 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:

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Fair value interest rate risk</u>			
<u>Financial assets</u>	\$ 52,490	\$ 244,400	\$ 223,000
<u>Financial liabilities</u>	-	-	(39,988)
<u>net amount</u>	<u>\$ 52,490</u>	<u>\$ 244,400</u>	<u>\$ 183,012</u>
<u>Cash flow interest rate risk</u>			
<u>Financial assets</u>	\$ 260,764	\$ 83,329	\$ 107,979
<u>Financial liabilities</u>	(548,109)	(578,307)	(622,464)
<u>net amount</u>	<u>(\$ 287,345)</u>	<u>(\$ 494,978)</u>	<u>(\$ 514,485)</u>

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 2023 and January 1, 2022-June 30, 2022 dropped by \$575 and \$2,058, 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 its 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 June 30, 2023, December 31, 2022 and June 30, 2022, the loss rate methodology is as follows:

	<u>Not past due</u>	<u>Less than 30 days</u>	<u>60 to 180 days</u>	<u>Total</u>
June 30, 2023				
Expected loss rate	0%	15.60%	16.68%	
Total book value	\$ 31,990	\$ 1,384	\$ 823	\$ 34,197
allowance for loss	\$ 59	\$ 144	\$ 65	\$ 268
Loss allowance	<u>Not past due</u>	<u>Less than 30 days</u>	<u>60 to 180 days</u>	<u>Total</u>
December 31, 2022				
Expected loss rate	<1%	15.60%	16.68%	
Total book value	\$ 32,825	\$ 67	\$ 567	\$ 33,459
Loss allowance	\$ 100	\$ 10	\$ 95	\$ 205

	<u>Not past due</u>	<u>Less than 30 days</u>	<u>181 days</u>	<u>Total</u>
June 30, 2022				
Expected loss rate	<1%	11~16%	16.68%	
Total book value	<u>\$ 38,153</u>	<u>\$ 3,632</u>	<u>\$ 1,295</u>	<u>\$ 43,080</u>
Loss allowance	<u>(\$ 71)</u>	<u>(\$ 296)</u>	<u>(\$ 216)</u>	<u>(\$ 583)</u>

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

	<u>2023</u>	<u>2022</u>
At January 1	\$ 205	\$ 392
Provision for impairment	<u>63</u>	<u>191</u>
At June 30	<u>\$ 268</u>	<u>\$ 583</u>

Expected credit impairment benefits (Benefit) resulting from client contracts and accounts receivable that were recorded in contract assets in April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022, respectively, were (\$77), \$306, \$63and\$191.

(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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group' s position held in money market were NT\$260,764, NT\$308,730 and NT\$107,979.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>
Floating rate			
Less than 1 year	\$ 1,151,500	\$ 936,995	\$ 2,110,000
Over 1 years	<u>140,155</u>	<u>97,932</u>	<u>483,136</u>
	<u>\$ 1,291,655</u>	<u>\$ 1,034,927</u>	<u>\$ 2,593,136</u>

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.

<u>Non-derivative financial liabilities:</u>		
June 30, 2023	Less than 1 year	Over 1 year
Contract liabilities	\$ 31,685	\$ -
Notes, accounts payable	6,599	-
Other payables	131,013	-
Lease liabilities	14,615	19,630
Long-term loans (including current portion)	-	548,109
<u>Non-derivative financial liabilities:</u>		
December 31, 2022	Less than 1 year	Over 1 year
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
<u>Non-derivative financial liabilities:</u>		
June 30, 2022	Less than 1 year	Over 1 year
Short-term bills payable	\$ 39,988	\$ -
Contract liabilities	25,863	2,266
Notes, accounts payable	4,248	-
Other payables	41,767	-
Lease liabilities	14,064	32,424
Long-term loans(including current portion)	599	621,865

(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:

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,382	\$ -	\$ -	\$ 7,382
Derivative instruments	69,352	-	-	69,352
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,897,333</u>	<u>-</u>	<u>1,346,577</u>	<u>3,243,910</u>
Total	<u>\$ 1,974,067</u>	<u>\$ -</u>	<u>\$ 1,346,577</u>	<u>\$ 3,320,644</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
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	<u>1,669,682</u>	<u>-</u>	<u>1,375,254</u>	<u>3,044,936</u>
Total	<u>\$ 1,685,320</u>	<u>\$ -</u>	<u>\$ 1,375,254</u>	<u>\$ 3,060,574</u>

June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,808	\$ -	\$ -	\$ 3,808
Derivative instruments	8,673	-	-	8,673
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,793,513</u>	<u>-</u>	<u>1,339,534</u>	<u>3,133,047</u>
otal	<u>\$ 1,805,994</u>	<u>\$ -</u>	<u>\$ 1,339,534</u>	<u>\$ 3,145,528</u>

(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:

	<u>Listed shares</u>
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 2023 and January 1, 2022-June 30, 2022, there was no transfer between Level 1 and Level 2

E.The following chart is the movement of Level 3 for the years ended 2023 and January 1, 2022-June 30, 2022:

	<u>Equity Securities-Unlisted shares</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 1,375,254	\$ 1,206,054
Gains and losses recognised in other comprehensive income	(46,553)	86,928
Effect of exchange rate changes	17,876	85,901
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	(39,349)
At June 30	<u>\$ 1,346,577</u>	<u>\$ 1,339,534</u>

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 :

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument :				
Unlisted shares	\$ 1,333,952	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
"		Net asset value	"	The higher the control and discount for lack of control, the lower the fair value
	<u>12,625</u>			
	<u>\$ 1,346,577</u>			

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
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
"		Net asset value	"	The higher the control and discount for lack of control, the lower the fair value
	<u>10,772</u>			
	<u>\$ 1,375,254</u>			

	<u>Fair value at June 30, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument :				
Unlisted shares	\$ 1,328,615	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
"		Net asset value	"	The higher the control and discount for lack of control, the lower the fair value
	<u>10,919</u>			
	<u>\$ 1,339,534</u>			

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 :

		<u>June 30, 2023</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
		<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
	<u>Input</u>	<u>Change</u>			
Financial assets					
Equity instrument					
Unlisted shares	discount for lack of marketability	±1%	\$ -	\$ -	\$ 11,302 (\$ 11,302)

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

		<u>June 30, 2022</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
		<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
	<u>Input</u>	<u>Change</u>			
Financial assets					
Equity instrument					
Unlisted shares	discount for lack of marketability	±1%	\$ -	\$ -	\$ 9,386 (\$ 9,390)

1.3 • 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

1.4 • 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 :

<u>January 1,2023</u> <u>to June 30, 2023</u>	<u>Kwong Fong</u> <u>Department</u>	<u>Pao Fong Asset</u> <u>Management</u> <u>Department</u>	<u>Kwong Fong</u> <u>Holdings</u> <u>Department</u>	<u>Digital</u> <u>Technology</u> <u>Department</u>	<u>Adjustments</u> <u>and written-off</u>	<u>Total</u>
Revenue :						
Revenue from external customers	\$ 230	\$ 23,443	\$ -	\$ 118,681	\$ -	\$ 142,354
Revenue from internal customers	-	-	-	7,669	(7,669)	-
Segment revenue	<u>\$ 230</u>	<u>\$ 23,443</u>	<u>\$ -</u>	<u>\$ 126,350</u>	<u>(\$ 7,669)</u>	<u>\$ 142,354</u>
Segment profit (loss)	(\$ 16,414)	\$ 2,887	\$ 12,955	\$ 19,661	(\$ 1,388)	\$ 17,701
Share of income (loss) of associates and joint ventures accounted for using equity method	20,229	-	-	-	(20,229)	-
Depreciation and amortisation	(3,701)	(54)	-	(8,665)	(5,167)	(17,587)
Segment profit (loss)	<u>114</u>	<u>2,833</u>	<u>12,955</u>	<u>10,996</u>	<u>(26,784)</u>	<u>114</u>
Segment assets	<u>\$ 4,135,722</u>	<u>\$ 902,391</u>	<u>\$ 2,002,292</u>	<u>\$ 183,380</u>	<u>(\$ 2,596,617)</u>	<u>\$ 4,627,168</u>
Segment liabilities	<u>\$ 473,300</u>	<u>\$ 78,770</u>	<u>\$ 274,679</u>	<u>\$ 80,996</u>	<u>(\$ 7,899)</u>	<u>\$ 899,846</u>

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

January 1, 2022 to June 30, 2022	<u>Kwong Fong</u>	<u>Pao Fong Asset</u>	<u>Kwong Fong</u>	<u>Digital Technology</u>	<u>Adjustments and</u>	<u>Total</u>
	<u>Department</u>	<u>Management</u>	<u>Holdings</u>	<u>Department</u>	<u>written-off</u>	
Revenue :						
Revenue from external customers	\$ 228	\$ -	\$ -	\$ 132,053	\$ -	\$ 132,281
Revenue from internal customers	-	-	-	17,244	(17,244)	-
Segment revenue	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,297</u>	<u>(\$ 17,244)</u>	<u>\$ 132,281</u>
Segment profit (loss)	\$ 39,543	(\$ 913)	\$ 1,535	\$ 3,051	(\$ 661)	\$ 42,555
Share of income (loss) of associates and joint ventures accounted for using equity method	(4,649)	-	-	-	4,649	-
Depreciation and amortisation	(3,521)	(146)	-	(7,588)	(2,934)	(14,189)
Segment profit (loss)	31,373	(1,059)	1,535	(4,537)	1,054	28,366
Segment assets	<u>\$ 4,356,382</u>	<u>\$ 1,149,909</u>	<u>\$ 1,322,605</u>	<u>\$ 258,563</u>	<u>(\$ 2,476,048)</u>	<u>\$ 4,611,411</u>
Segment liabilities	<u>\$ 740,195</u>	<u>\$ 312,651</u>	<u>\$ 54</u>	<u>\$ 160,230</u>	<u>(\$ 285,577)</u>	<u>\$ 927,553</u>

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

(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 2023 and January 1, 2022-June 30, 2022 of the Republic of China and the profit and loss before deduction of subsequent business departments are adjusted as follows:

	<u>January 1, 2023-June 30, 2023</u>	<u>January 1, 2022-June 30, 2022</u>
Reportable Segment		
Profit and Loss	(\$ 9,305)	(\$ 28,521)
Non-operating income and expenses	<u>36,054</u>	<u>58,159</u>
Continuing operations profit (loss) before income tax	<u>\$ 26,749</u>	<u>\$ 29,638</u>

Kwong Fong Industries Corporation and Subsidiaries
Loans to others
January 1, 2023-June 30, 2023

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 (Note 3)	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	\$ -	\$ -	1.5%~1.89%	short-term financing	\$ -	operational turnover	\$ -	-	\$ -	\$1,464,969	\$1,464,969	In 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 : \$ 3,662,422*40%=1,464,969

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
January 1, 2023-June 30, 2023

Table 2

Expressed in thousands of TWD

Number (Note 1)	Endorser / Guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount (Note 4)	Outstanding endorsement / guarantee amount (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	\$ 3,662,422	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	0.55	\$ 3,662,422	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.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1, 2023-June 30, 2023

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 June 30, 2023				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 - noncurrent	437	\$ 10,339	15.17%	\$ 10,339	
"	Lian An Health Business Co., Ltd.		"	401	19,746	3.19%	19,746	
"	ASCCHARWIE COMPANY		"	922	2,286	8.00%	2,286	
"	Bank of China Co., Ltd.		"	25,000	311,959	0.01%	311,959	註 4
"	Agricultural Bank of China Co., Ltd.		"	18,800	230,110	0.01%	230,110	註 5
"	Bank of Communications Co., Ltd.		"	4,000	82,500	0.01%	82,500	註 6
"	Industrial and Commercial Bank of China Co., Ltd.		"	3,000	49,834	0.00%	49,834	註 7
"	Union Bank of Taiwan Special Shares		"	1,700	89,590	0.04%	89,590	註 8
"	Yulon Finance Corporation Special Shares		"	401	19,930	0.07%	19,930	註 9
"	Fubon Financial Holdings Special Shares		"	152	9,424	0.00%	9,424	
"	Asia Cement co., Ltd.		"	3,300	146,520	0.09%	146,520	註 10
"	Mega Financial Holdings Co., Ltd.		"	10	392	0.00%	392	
"	Taiwan Cement co., Ltd.		"	3,481	132,462	0.05%	132,462	
"	Shin Kong Financial Holdings Co., Ltd.		"	2,000	17,800	0.01%	17,800	
"	Yuanta Futures Co., Ltd.		"	589	30,687	0.20%	30,687	
"	Cathay FTSE China A50 ETF		Financial assets at fair value through profit or loss - current	20	401	0.01%	401	
"	TONG YANG INDUSTRY CO.,LTD		"	40	2,107	0.01%	2,107	
"	Makalot Industrial Co., Ltd.		"	4	1,207	0.00%	1,207	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2023				Footnote (Note 4)
				Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	TAIWAN GLASS IND. CORP.		〃	30	579	0.00%	579	
	CHUNG HUNG STEEL CORPORATION CO., LTD.		〃	42	1,025	0.00%	1,025	
	TA CHEN STAINLESS PIPE CO., LTD.		〃	18	853	0.00%	853	
	COMPEQ MANUFACTURING COMPANY LIMITED CO., LTD.		〃	20	888	0.00%	888	
	HON HAI PRECISION IND. CO., LTD.		〃	2	226	0.00%	226	
	TAIWAN MASK CORP. CO., LTD.		〃	10	831	0.00%	831	
	NANYA TECHNOLOGY CORPORATION CO., LTD.		〃	22	1,557	0.00%	1,557	
	MEDIATEK INC. CO., LTD.		〃	20	13,757	0.00%	13,757	
	CATCHER TECHNOLOGY CO., LTD.		〃	2	351	0.00%	351	
	SINCERE NAVIGATION CORPORATION CO., LTD.		〃	12	241	0.00%	241	
	U-MING MARINE TRANSPORT CORP.		〃	8	378	0.00%	378	
	Yang Ming Marine Transport Corp.		〃	22	1,386	0.00%	1,386	
	WAN HAI LINES CO., LTD.		〃	20	1,180	0.00%	1,180	
	WIN SEMICONDUCTORS CORP.		〃	4	656	0.00%	656	
	Global Unichip Corp.		〃	2	3,209	0.00%	3,209	
	FORMOSA SUMCO TECHNOLOGY CO., LTD.		〃	20	3,349	0.00%	3,349	
	JENTECH PRECISION INDUSTRIAL CO., LTD		〃	16	10,318	0.00%	10,318	
	ASE Technology Holding Co., Ltd.		〃	18	1,988	0.00%	1,988	
	Zhen Ding Technology Holding Limited CO., LTD.		〃	6	630	0.00%	630	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2023				Footnote (Note 4)
				Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	WAFER WORKS CORPORATION CO., LTD.		〃	2	95	0.00%	95	
	TONG HSING ELECTRONIC INDUSTRIES ,LTD. Wistron NeWeb Corporation CO., LTD.		〃	16	2,927	0.01%	2,927	
	Medigen Vaccine Biologics Corporation CO., LTD.		〃	2	191	0.00%	191	
	Powerchip Semiconductor Manufacturing Corp.		〃	20	1,232	0.01%	1,232	
	CO-TECH DEVELOPMENT CORP.		〃	8	248	0.00%	248	
Kwong Fong Holdings Limitd	FULCREST LIMITED		Financial asset measured at fair value through other comprehensive income - noncurrent	20	1,226	0.01%	1,226	
Pao Fong Asset Management Co., Ltd.	Cathay Financial Holdings Special Shares		〃	2,716	1,314,206	44..24%	1,314,206	
〃	Fubon Financial Holdings Special Shares		〃	1,115	64,336	0.01%	63,336	註 11
〃	Fubon Financial Holding Co., Ltd.		〃	505	31,312	0.00%	31,310	註 12
〃	Cathay Financial Holding Co., Ltd.		Financial assets at fair value through profit or loss - current	20	1,229	0.00%	1,229	
Mdbs Digital Technology Co., Ltd.	Taiwan Semiconductor Manufacturing Company Limited		〃	91	3,927	0.00%	3,927	
				6	3,456	0.00%	3,456	

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
January 1, 2023-June 30, 2023

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	\$ 3,579	Collection	0.08%
"	"	Mdbs Digital Technology Co., Ltd.	"	Interest income	56	Accrued interest	0.04%
1	Mdbs Digital Technology Co., Ltd.	Galaxy Digital Co., Ltd.	3	Project income	7,669	註 4	5.39%
"	"	Galaxy Digital Co., Ltd.	"	Project cost	3,178	"	2.23%
"	"	Galaxy Digital Co., Ltd.	"	Contract assets	727	"	0.02%
2	Galaxy Digital Co., Ltd.	Mdbs Digital Technology Co., Ltd.	3	Project cost	4,500	"	3.16%

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)
January 1, 2023-June 30, 2023

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 30,442	USD 17,800	30,442	100%	\$ 1,727,613	\$ 12,955	\$ 12,955	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%	823,621	2,833	2,8333	"
"	Mdb's 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%	50,288	3,191	1,388	"
"	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%	39,749	7,805	3,103	"
Galaxy Digital Co., Ltd.	Thunder Wind Co. Ltd	11th Floor, No. 279, Section 4, Xinyi Road, Daan District, Taipei City	"	-	15,000	-	-	-	162	82	Note 4
"	Peter Rich Co., Ltd	6F-1, No. 63, Section 2, Anhe Road, Daan District, Taipei City	"	-	6,000	-	-	-	-	-	"
"	Red Storm Co., Ltd	"	"	-	8,000	-	-	-	-	-	"
"	Digital Securities Investment Consultant Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	Securities Investment Advisory Industry	20,000	20,000	2,000	100%	17,643	(1,098)	(1,098)	Note 3

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.

Note4: To dissolve and liquidate.

Kwong Fong Industries Corporation and Subsidiaries
Major shareholders information
January 1, 2023-June 30, 2023

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%