

|

**KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT

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

Introduction

We have audited the accompanying parent company only balance sheets of Kwong Fong Industries Corporation as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kwong Fong Industries Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" .

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company' s only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the parent company only financial statements for the year ended December 31, 2023 are as follows:

Investing in subsidiaries using the equity method- Measurement of Financial Assets at Fair Value of Fulcrest Limited

Description

As of December 31, 2023, Kwong Fong Industries Corporation holds a subsidiary - Kwong Fong Holdings Limitd, with an investment amount of NT\$1,541,489 thousand using the equity method, accounting for 38% of the total assets. It has a significant impact on the individual financial statements of Kwong Fong Industries Corporation Therefore, the auditor has identified the key audit matter of Fulcrest Limited's financial asset fair value measurement as one of the most important audit matters for the current year.

How our audit addressed the matter

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

1. Investigate and assess the management' s policy and evaluation procedures for financial assets measured at fair value through other comprehensive income.
2. Obtain and evaluate the value of the stock right evaluation report issued by an external evaluation expert appointed by the management, including

determining the independence, competence, and objectivity of the external evaluation expert.

3. The evaluation model used in the value of stock right evaluation report is generally used where it is appropriate.
4. Evaluate the applicability and validity of the key assumptions used in the value of stock right evaluation report.
5. Ensure that the value of the stock right evaluation report' s fair value corresponds to the carrying amount.

Investing in subsidiaries using the equity method- Accuracy of recognition of revenue from information software service.

Description

As of December 31, 2023, Kwong Fong Industries Corporation. holds subsidiaries - Mdb's Digital Technology Co., Ltd. and Star Galaxy Digital Co., Ltd., with a total investment amount of NT\$94,006 thousand using the equity method. The revenue of the aforementioned subsidiaries has a significant impact on the individual financial statements of Kwong Fong Industries Corporation. Therefore, the auditor has identified the key audit matter of the accuracy of information software service revenue recognition of the subsidiaries as one of the most important audit matters for the current year.

How our audit addressed the matter

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material miss tatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, reach a conclusion on the appropriateness of the management's use of the going concern assumption and whether there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that such events or conditions exist, the auditor is required to draw attention to the related disclosures in the financial statements in the audit report or, when such disclosures are inadequate, to modify the audit opinion. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Guang Feng Industrial Co., Ltd. to lack the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the components of Kwong Fong Industries Corporation to express an opinion on the individual financial statements. The auditor is responsible for the direction, supervision, and performance of the individual audit

engagement, as well as for forming an audit opinion on the individual financial statements.

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

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

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

Lai, Chung-Hsi Chih, Ping-Chiun
For and on behalf of PricewaterhouseCoopers, Taiwan
March 15, 2024

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31, 2023		December 31, 2022			
			Amount	%	Amount	%		
Current Assets								
1100	Cash and cash equivalents	6(1)	\$	107,222	3	\$	260,725	6
1110	Financial assets at fair value	6(2)						
	through profit or loss - current			73,444	2		8,410	-
1200	Other receivables	7		57,252	1		30,634	1
1220	Income tax assets			4,190	-		314	-
1410	Prepayments			1,864	-		2,215	-
11XX	Total current assets			243,972	6		302,298	7
Noncurrent Assets								
1517	Financial assets at fair value	6(3) and 8						
	through other comprehensive							
	income-noncurrent			1,287,319	32		1,602,091	38
1550	Investments accounted for	6(4)						
	using equity method			2,426,674	60		2,276,665	54
1600	Property, plant and equipment	6(5)		2,488	-		4,354	-
1755	Right-of-use assets	6(6)		11,868	-		17,056	-
1840	Deferred income tax assets	6(25)		5,549	-		5,758	-
1920	Refundable deposits	6(7)		58,742	2		41,752	1
15XX	Total noncurrent assets			3,792,640	94		3,947,676	93
1XXX	Total assets		\$	4,036,612	100	\$	4,249,974	100

(Continued)

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(8)	\$ 40,000	1	-	-
2110	Short-term bills payable	6(9)	19,985	1	-	-
2120	Financial liabilities measured at fair value through profit or loss- current	6(10)	56,783	1	-	-
2130	Current contract liabilities	6(18) and 7	57	-	\$ 127	-
2150	Notes payable		-	-	24	-
2200	Other payables	7	76,529	2	12,884	-
2250	Provision-Current	6(13)	-	-	114	-
2280	Lease liabilities-Current		6,093	-	5,770	-
2300	Other current liabilities		187	-	357	-
21XX	Total current liabilities		199,634	5	19,276	-
Noncurrent liabilities						
2540	Long-term bank loans	6(11) and 8	295,695	7	564,541	14
2570	Deferred income tax liabilities	6(25)	40,250	1	42,652	1
2580	Non-current lease liabilities		6,179	-	11,765	-
2645	Guarantee deposits		500	-	1,070	-
25XX	Total noncurrent liabilities		342,624	8	620,028	15
2XXX	Total liabilities		542,258	13	639,304	15
Equity						
	Capital	6(14)				
3110	Capital stock		1,853,422	46	1,853,422	44
	Capital surplus	6(15)				
3200	Capital surplus		50,079	2	43,767	1
	Retained earnings	6(16)				
3310	Appropriated as legal capital reserve		415,698	10	406,305	9
3320	Appropriated as special capital reserve		76,252	2	76,450	2

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

3350	Unappropriated earnings		933,428	23	940,173	22
	Other equity interest	6(17)				
3400	Other equity interest		<u>165,475</u>	<u>4</u>	<u>290,553</u>	<u>7</u>
3XXX	Total equity		<u>3,494,354</u>	<u>87</u>	<u>3,610,670</u>	<u>85</u>
	Significant Contingent	9				
	Liabilities And Unrecognized					
	Contract Commitments					
	Significant Events After The	11				
	Balance Sheet Date					
3X2X	Total liabilities and equity		<u>\$ 4,036,612</u>	<u>100</u>	<u>\$ 4,249,974</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Net revenue	6(18) and 7	\$ 458	100	\$ 462	100
	Operating expenses	6(23)(24)				
6200	General and administrative		(43,324)	(9459)	(44,336)	(9597)
6000	Total operating expenses		(43,324)	(9459)	(44,336)	(9597)
6900	Loss from operations		(42,866)	(9359)	(43,874)	(9497)
	Non-operating income and expenses					
7100	Interest income	6(19) and 7	4,957	1082	1,082	234
7010	Other income	6(20)	103,150	22522	237,301	51364
7020	Other gains and losses, net	6(21)	(3,327)	(726)	(87,720)	(18987)
7050	Finance costs	6(22)	(4,880)	(1066)	(8,719)	(1887)
7070	Share of profits of subsidiaries and associates	6(4)	32,631	7125	4,173	(903)
7000	Total non-operating income and expenses		132,531	28937	146,117	31627
7900	Profit before income tax		89,665	19578	102,243	22130
7950	Income tax expense	6(25)	5,438	1187	(7,781)	(1684)
8200	Profit for the year		\$ 95,103	20765	\$ 94,462	20446
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	\$ 121,409	26508	(\$ 15,718)	(3402)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(250,305)	(54652)	105,763	22892
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	6(3)(25)	(8,786)	(1918)	(12,855)	(2782)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(137,682)	(30062)	77,190	16708

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items that may be reclassified subsequently to profit or loss:					
8367	Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	6(3)	4,600	1004	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		8,022	1752	125,448
8360	Items that may be reclassified subsequently to profit or loss:		12,622	2756	125,448
8300	Other comprehensive income (loss), net of income tax		<u>(\$ 125,060)</u>	<u>(27306)</u>	<u>\$ 202,638</u>
8500	Total comprehensive income for the year		<u>(\$ 29,957)</u>	<u>(6541)</u>	<u>\$ 297,100</u>
EARNINGS PER SHARE					
9750	Basic earnings per share (in dollars)	6(26)	\$ 0.51	\$	0.51
9850	Diluted earnings per share (in dollars)	6(26)	\$ 0.51	\$	0.51

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

				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 Equity
Year 2022									
Balance at January 1, 2022		\$ 1,853,422	\$ 43,822	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796
Profit for the year		-	-	-	-	94,462	-	-	94,462
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	125,448	77,190	202,638
Total comprehensive income (loss)		-	-	-	-	94,462	125,448	77,190	297,100
Appropriation of 2020 earnings									
Provision of legal reserve	6(16)	-	-	33,211	-	(33,211)	-	-	-
Cash dividends to shareholders	6(16)	-	-	-	-	(92,671)	-	-	(92,671)
Dividends paid to unclaimed by shareholders with claim period elapsed	6(15)	-	-	(19)	-	-	-	-	(19)
Adjustments to share of changes in equity of associates and joint ventures	6(4)					(536)			(536)
Balance at December 31, 2022		\$ 1,853,422	\$ 43,767	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670
Year 2023									
Balance at January 1, 2023		\$ 1,853,422	\$ 43,786	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670
Profit for the year		-	-	-	-	95,103	-	-	95,103
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	7,077	(132,137)	(125,060)
Total comprehensive income		-	-	-	-	95,103	7,077	(132,137)	(29,957)

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Notes	Capital Stock - Common Stock	Capital Surplus	Retained Earnings			Others		Total Equity
				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	
(loss)									
Appropriation of 2022 earnings									
Legal reserve	6(16)	-	-	9,393	-	(9,393)	-	-	-
Cash dividends to shareholders	6(16)	-	-	-	-	(92,671)	-	-	(92,671)
Dividends unclaimed by shareholders with claim period elapsed	6(15)	-	6,312	-	-	-	-	-	6,312
Reversal of special reserve		-	-	-	(198)	198	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	6(17)	-	-	-	-	18	-	(18)	-
Balance at December 31, 2022		<u>\$ 1,853,422</u>	<u>\$ 50,079</u>	<u>\$ 415,698</u>	<u>\$ 76,252</u>	<u>\$ 933,428</u>	<u>\$ 139,473</u>	<u>\$ 26,002</u>	<u>\$ 3,494,354</u>

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 89,665	\$ 102,243
Adjustments for			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(23)	7,288	7,047
Net gain on financial assets at fair value through profit or loss	6(21)	(960)	4,391
Interest expense	6(22)	4,880	8,719
Interest income	6(19)	(4,957)	(1,082)
Dividend income	6(20)	(80,209)	(221,113)
Share of profits of subsidiaries and associates	6(4)	(32,631)	(4,173)
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(21)	(633)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Other receivables		(24,214)	(29,599)
Prepayments		351	(712)
Changes in operating liabilities			
Contract liabilities		(70)	-
Notes payable		(24)	24
Other payables		59,058	(5,487)
Provision		(114)	(544)
Other current liabilities		(170)	285
Financial liabilities measured at fair value through profit or loss- current		56,783	-
Cash out generated from operations		74,043	(140,001)
Interest received		3,200	636
Cash dividend received		104,371	446,912
Interest paid		(293)	(340)
Income tax paid		(9,417)	(10,650)
Net cash generated by operating activities		171,904	296,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in financial assets at fair value through other comprehensive income		(225,312)	(698,419)
Changes in financial instruments at fair value through profit or loss		(59,231)	107
Proceeds from capital reduction of investments accounted for using equity method	6(4)	-	5,100
Disposal of property, plant and equipment		1,144	-
Increase in refundable deposits paid		(19,882)	(4,485)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(3)	-	39,349
Net cash generated by (used in) investing activities		(303,281)	(658,348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		60,000	-
Decrease in short-term loans		(20,000)	-
Increase in short-term bills payable		29,964	-
Decrease in short-term bills payable		(9,979)	-
Proceeds from long-term bank loans		18,137	589,088
Repayment of long-term bank loans		-	(24,547)
Decrease in guarantee deposits received	6(27)	(570)	-

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Repayment of the principal portion of lease liabilities	6(27)	(6,008)	(5,285)
Cash dividends	6(16)	(92,671)	(92,671)
Expired unclaimed dividends transferred to capital surplus	6(15)	6,312	(19)
Net cash generated by (used in) financing activities		(14,815)	466,566
Effect of exchange rate changes		(7,311)	-
Net increase in cash and cash equivalents		(153,503)	104,775
Cash and cash equivalents at beginning of year		260,725	155,950
Cash and cash equivalents at end of year		<u>\$ 107,222</u>	<u>\$ 260,725</u>

The accompanying notes are an integral part of the parent company only financial statements.

KWONG FONG INDUSTRIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1 ° GENERAL

Kwong Fong Industries Corporation (henceforth the “Company”) was established in June 1968. The company 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.

2 ° THE AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on March 15, 2024.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
Amendments to IFRS 16,'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1,'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1,'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'pplier finance arrangements'	January 1, 2024

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

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

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

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023

Amendments to IAS 1, 'Classification of liabilities as current or non-Current'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only 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 financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2).Basis of Preparation

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

- (a) Financial assets at fair value through profit or loss.
- (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 parent company only financial statements are disclosed in Note 5.

(3).Foreign currency translation

Items included in the parent company only 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 parent company only financial statements are presented in New Taiwan Dollars, which is the Company’ s functional 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 Company 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.

(4). 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.

(5).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.

(6).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 Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7).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 Company has made an irrevocable election at initial

recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company'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 Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized 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 recognized as other income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) Changes in the fair value of debt instruments are recognised in other comprehensive gains or losses, impairment losses, interest income and gains and losses on foreign currency conversion are reclassified into gains or losses in profits and losses.

(8). 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 Company'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.

(9). Notes, accounts and receivables

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

(10). 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 Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 Company recognises the impairment provision for lifetime ECLs.

(11). Derecognition of financial assets

The Company will delist financial assets when one of the following conditions applies:

- A. The contractual right to receive cash flows from financial assets lapses.
- B. Transfer of contractual rights to receive cash flows from financial assets, and substantially all of the risks and rewards of ownership of financial assets have been transferred.
- C. The contractual right to transfer the cash flow of financial assets, but does not retain control over the financial assets.

(12).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.

(13).Investments accounted for using equity method- subsidiaries

- A.Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B.Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C.After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- D. Changes in a parent' s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.
- E.If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary

at its fair value at the date when control is lost and recognizes any resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

F. In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner’s equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14).Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost.

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 Company 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:

Office equipment ¹	5 years
Leasehold Improvements ¹	5 years

(15).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 Company. 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 Company 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.

(16). Impairment of non-financial assets

The Company 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.

(17). 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.

(18).Notes, accounts and payable

- A.It refers to the debts incurred as a result of the purchase of goods or services and the bills payable arising from business and non-business.
- B.The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A.It refers to the financial liabilities that are held for trading with the main purpose of repurchasing in the near future, and other than derivatives designated as hedging instruments under hedging accounting.
- B.At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(20).Derecognition of financial liabilities

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

(21).Non-hedging derivatives and roll-in derivatives

- A.Non-hedging derivatives are measured at fair value at the date of contract signing at the time of initial recognition, financial assets or liabilities at fair value through profit or loss, and subsequently at fair value, and their benefits or losses are recognized in profit or loss.
- B.In the case of a hybrid financial asset contract incorporated into a derivative instrument, the overall hybrid instrument is classified as a financial asset at fair value through profit or loss, a financial asset at fair value through other comprehensive

profit or loss and a financial asset at amortized cost at the time of original recognition, according to the terms of the contract.

C. In the case of a mixed contract of financial assets of the embedded derivatives, it has been decided whether to separate the economic characteristics and risks of the imported derivatives and the main contract according to the terms of the contract at the time of original recognition. When closely related, the overall hybrid instrument is treated according to the appropriate criteria according to its nature. When it is not closely related, the derivative is separated from the main contract and treated as a derivative, and the main contract is treated according to its nature according to the appropriate criteria; or the whole as a financial liability designated at fair value through profit or loss at the time of original recognition.

(22).Provisions

Provisions (including contract liabilities) for war liability are recognized when the Company 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.

(24).Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 Company 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 realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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.

(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

The company provides rental services. Services revenue is recognized when service is provided to customers within the reporting period.

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

The preparation of these financial statements requires management to make critical judgements in applying the Company' 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:

Critical accounting estimates and assumptions

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

The Company' 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 (3) for the details of fair value of financial instruments.

The carrying amount of the Company' s unlisted TWSE/TPEX stocks with no active market was \$32, 384 as of December 31, 2023.

6 ° DETAILS OF SIGNIFICANT ACCOUNTS

(1).Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 75	\$ 38
Checking accounts and demand deposit	32,682	35,287
Time deposits	74,465	225,400
	<u>\$ 107,222</u>	<u>\$ 260,725</u>

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

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items :		
Mandatorily measured at FVTPL		
Listed (TSE) stocks	1,224	-
Derivative financial instruments	9,692	9,255
Structured Notes	62,540	-
	<u>73,456</u>	<u>9,255</u>
Valuation adjustment	(12)	(845)
Total	<u>\$ 73,444</u>	<u>\$ 8,410</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Mandatorily measured at FVTPL		
Equity instruments	\$ 4,527	\$ 153
Derivative financial instruments	817	(4,544)
Structured Notes	(1,050)	
	<u>\$ 4,294</u>	<u>(\$ 4,391)</u>

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

	December 31, 2023	
	contract amount (Nominal principal)	Contracts period
Current items :		
Futures trading	<u>\$ 9,692</u>	<u>112.11.15~113.01.17</u>
	December 31, 2022	
	contract amount (Nominal principal)	Contracts period
Current items :		
Futures trading	<u>\$ 9,255</u>	<u>111.11.11~112.9.30</u>

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

C.Please refer to Note 12 and (2) for the credit risk information of financial assets measured at fair value through profit or loss.

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

Items	December 31, 2023	December 31, 2022
Non-current items :		
Debt instruments		
Foreign corporate bond	189,287	-
Valuation adjustment	(2,954)	-
Subtotal	186,333	-
Equity instruments		
Foreign listed stocks	\$ 598,614	\$ 1,205,469
Foreign unlisted shares	16,000	16,000
Listed (TSE) stocks	470,774	427,843
Unlisted stocks	9,954	9,954
Valuation adjustment	5,644	(57,175)
Subtotal	1,100,986	1,602,091
Total	\$ 1,287,319	\$ 1,602,091

A.The Company 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 \$1,287,319 and \$1,602,091 as at December 31, 2023 and 2022, respectively.

B.Amounts recognised in profit or loss and other comprehensive income in relation to the Financial assets at fair value through other comprehensive income are listed below :

Items	Year ended December 31, 2023	Year ended December 31, 2022
Mandatorily measured at equity instruments		
Changes in fair value recognized in other comprehensive gains or losses	\$ 112,623	(\$ 28,573)
Dividend income recognized in profit or loss is still held at the end of the current period	\$ 74,051	\$ 221,113
Mandatorily measured at debt instruments		
Changes in fair value recognized in other comprehensive gains or losses	\$ 4,600	\$ -
Interest income recognised in profit or loss	\$ 3,590	\$ -

- D. On May 20, 2022, for the Seaward Wool Textile Co., Ltd. unlisted TWSE/TPEX stocks held by the Company, 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 Company.
- E. The Group’ s maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$1,287,319 and NT\$1,602,091 for financial assets at fair value through other comprehensive income, as of December 31, 2023 and 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). Investments accounted for using equity method

	2023	2022
At January 1	\$ 2,276,665	\$ 2,272,716
Increase investments for using equity method	383,823	-
Earnings distribution of investments accounted for using equity method	(24,162)	(225,799)
Share of profit or loss of investments accounted for using equity method	32,631	4,173
Proceeds from capital reduction of investments accounted for using equity method	-	(5,100)
Changes in Retained earnings	-	(536)
Changes in other equity items-cumulative translation adjustments	7,077	125,448
Changes in other equity items-Unrealized gains and losses on financial assets	(249,360)	105,763
At December 31	<u>\$ 2,426,674</u>	<u>\$ 2,276,665</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
Kwong Fong Holdings Limitd	\$ 1,541,489	\$ 1,355,274
Pao Fong Asset Management Co., Ltd.	791,179	832,666
Mdb's Digital Technology Co., Ltd.	49,456	50,123
Galaxy Digital Co., Ltd.	44,550	38,602
	<u>\$ 2,426,674</u>	<u>\$ 2,276,665</u>

A. The Company's reinvestment in Chin Fung Industrial Co., Ltd. and Grandcheer Construction Corporation were dissolved and liquidated in November 1989 and October 1996 respectively. As of December 31, 2023, they are still in the process of liquidation middle. The company stopped using the equity method when it handled the dissolution and liquidation, so the investment balance of \$27 was transferred to other receivables.

B. On March 24, 2023, the Company was approved by the Board of Directors to acquire 12,641,792 shares issued by its subsidiary, Kwong Fong Holdings Limitd. Based on the amount of \$665,445 of financial asset measured at fair value through other comprehensive income and \$281,622 of long-term borrowings, net carrying book value of \$383,823, thus increasing the investment amount using the equity method by \$383,823.

(5).Property, plant and equipment

	2023			
	Office equipment	Others equipment	Leasehold Improvements	Total
At January 1				
Cost	\$ 6,389	\$ 402	\$ 6,200	\$ 12,991
Accumulated depreciation	(5,767)	(402)	(2,468)	(8,637)
	<u>\$ 622</u>	<u>-</u>	<u>\$ 3,732</u>	<u>\$ 4,354</u>
At January 1	622	-	-	4,354
	\$		3,732	
Delist – Cost	(511)	-	-	(511)
Depreciation	(111)	-	(1,244)	(1,355)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,488</u>	<u>\$ 2,488</u>
At December 31				
Cost	\$ 3,189	\$ 402	\$ 6,200	\$ 9,791
Accumulated depreciation	(3,189)	(402)	(3,712)	(7,303)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,488</u>	<u>\$ 2,488</u>

	2022			
	Office equipment	Others equipment	Leasehold Improvements	Total
At January 1				
Cost	\$ 6,389	\$ 402	\$ 6,200	\$ 12,991
Accumulated depreciation	(5,224)	(402)	(1,224)	(6,850)
	<u>\$ 1,165</u>	<u>-</u>	<u>\$ 4,976</u>	<u>\$ 6,141</u>
At January 1	1,165	-	4,976	6,141
Depreciation	(543)	-	(1,244)	(1,787)
At December 31	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ 3,732</u>	<u>\$ 4,354</u>
At December 31				
Cost	\$ 6,389	\$ 402	\$ 6,200	\$ 12,991
Accumulated depreciation	(5,767)	(402)	(2,468)	(8,637)
	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ 3,732</u>	<u>\$ 4,354</u>

(6).Leasing arrangements - lessee

A.The leases various assets including buildings, transportation equipment.

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

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

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

	December 31, 2023	Year ended December 31, 2023	December 31, 2022	Year ended December 31, 2022
	Amount	Depreciatio n	Amount	Depreciatio n
Buildings	\$ 10,519	\$ 5,259	\$ 15,778	\$ 5,260
Transportation equipment	1,349	674	1,278	-
	<u>\$ 11,868</u>	<u>\$ 5,933</u>	<u>\$ 17,056</u>	<u>\$ 5,260</u>

D.For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$745 and \$1,278, respectively.

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

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 201	\$ 239
Expense on short-term lease contracts	320	316
Expense on leases of low-value assets	68	84

F. For the years ended December 31, 2023 and 2022, the total cash outflow for leases amounted to \$6,597 and \$5,924, respectively.

(7).Refundable deposits

Items	December 31, 2023	December 31, 2022
Futures Trading Margin	\$ 7,646	\$ 38,631
Leases margin	1,462	2,509
Securities margin	49,022	-
Other	612	612
	<u>\$ 58,742</u>	<u>\$ 41,752</u>

(8).Short-term loans

Type of borrowings Loans	December 31, 2023	Interest rate	Collaterals
Bank loans			
Unsecured bank loans	40,000	1.85%	None
	<u>\$ 40,000</u>		

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

In 2023 and 2022, the Company recognized interest accrued in the amounts of \$48 and \$29.

(9).Short-term bills payable

Type of borrowings	December 31, 2023	December 31, 2022
Short-term bills payable	\$ 20,000	-
Less: Discount on short-term notes and bills payable	(15)	-
	<u>19,985</u>	<u>-</u>
Interest rate	1.52%	-

B. In 2023 and 2022, the Company recognized interest accrued in the amounts of \$20 and \$43.

(10) Financial liabilities measured at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current :		
Financial liabilities at FVTPL		
Held for trading		
Securities lending transaction	\$ 54,465	\$ -
Revaluation	2,318	-
Total	<u>\$ 56,783</u>	<u>\$ -</u>

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

	December 31, 2023	December 31, 2022
Net profit or loss recognized in profit or loss :		
Financial liabilities at FVTPL		
Held for trading		
Securities lending transaction	<u>(\$ 3,334)</u>	<u>\$ -</u>

(11).Long-term bank loans

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2023	Collaterals
Long-term loans				
Guaranteed JPY Loans	JPY 922,077 Borrowing period is from November 17, 2023 to February 19, 2024, it can be extended annually without conditions and pay monthly	0.78%	\$ 200,275	Financial assets at fair value through other comprehensive income
Guaranteed CHF Loans	CHF 2,615 Borrowing period is from December 6, 2023 to January 3, 2024, it can be extended annually without conditions and pay monthly	2.50%	95,420	"
Less: Long-term liabilities - current portion			-	
			<u>\$ 295,695</u>	

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2022	Collaterals
<u>Long-term loans</u>				
Guaranteed JPY Loans	JPY 1,705,956 Borrowing period is from December 5, 2022 to March 6, 2023 and pay monthly	0.78%	\$ 396,464	Financial assets at fair value through other comprehensive income.
Guaranteed CHF Loans	CHF 5,061 Borrowing period is from December 19, 2022 to January 19, 2023, it can be extended annually without conditions and pay monthly	1.78%	168,077	"
Less: Long-term liabilities - current portion			-	
			<u>\$ 564,541</u>	

(12).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 Company for the years ended December 31, 2023 and 2022 were \$655 and \$721 , respectively.

(13).Provision

	Onerous Contracts	
	2023	2022
At January 1	\$ 114	\$ 658
Provisions during the year	103	71
Provisions used during the year	(217)	(615)
At December 31	<u>\$ -</u>	<u>\$ 114</u>

The ageing analysis of provision is as follows:

	December 31, 2023	December 31, 2022
Current		
Onerous Contracts	\$ -	\$ 114

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

(14).Capital stock

As of December 31, 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.

(15).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.

	Adjustments to share of changes in equity of associates and joint ventures	2023 Expired unclaimed dividends	Total
At January 1	\$ 30,861	\$ 12,906	\$ 43,767
Dividends paid to Expired unclaimed	-	6,312	6,312
At December 31	\$ 30,861	\$ 19,218	\$ 50,079

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

(16).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)When IFRSs are first adopted, the proportion of the original special reserve mentioned in the special surplus reserve

mentioned in the letter No. 1090150022 dated March 31, 2021 of the Republic of China will be reversed when the Company subsequently uses, disposes of or reclassifies the relevant assets.

E.The Company held the regular shareholders' meeting on May 31, 2023, and May 31, 2022, and respectively resolved the 2022 and 2021 earnings distribution proposals as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Accrual of legal reserve	\$ 9,393		\$ 33,211	
Appropriation of cash dividends to shareholders	92,671	\$ 0.50	92,671	\$ 0.50
Total	<u>\$ 102,064</u>		<u>\$ 125,882</u>	

F.The appropriation of 2023 earnings resolved by the Board of Directors on March 15, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	\$ 9,532	
Appropriation of cash dividends to shareholders	92,671	\$ 0.50
Total	<u>\$ 102,203</u>	

As of March 15, 2024, the above-mentioned 2023 earnings appropriation had not been resolved by the stockholders' meeting.

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.

(17).Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 158,157	\$ 132,396	\$ 290,553
Revaluation	126,009	-	126,009
Revaluation- Subsidiaries	(249,360)	-	(249,360)
Revaluation – tax	(8,786)	-	(8,786)
Evaluation	(18)	-	(18)
adjustments are carried out to retained surpluses- Subsidiaries			
Currency translation differences	-	7,077	7,077
At December 31	\$ 26,002	\$ 139,473	\$ 165,475

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 80,967	\$ 6,948	\$ 87,915
Revaluation	(15,718)	-	(15,718)
Revaluation- Subsidiaries	105,763	-	105,763
Revaluation – tax	(12,855)	-	(12,855)
Currency translation differences	-	125,448	125,448
At December 31	\$ 158,157	\$ 132,396	\$ 290,553

(18).Operating revenue

- A. The revenue is mainly from the transfer of products and services over time or at a point in time.

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from external customer contracts		
Revenue from the transfer of services over time	\$ 458	\$ 462

B. Contract liabilities

(a)The Company has recognized the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	At January 1, 2022
Contract liabilities	\$ 57	\$ 127	\$ 127

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

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Rent in advance	\$ 127	\$ 60

(19).Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 1,143	\$ 704
Interest income on financial assets at fair value through other comprehensive gains or losses	3,590	-
Other Interest income	224	378
	\$ 4,957	\$ 1,082

(20).Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Dividend income	\$ 80,209	\$ 221,113
Other income, others	22,941	16,188
	<u>\$ 103,150</u>	<u>\$ 237,301</u>

(21).Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Loss on disposal of property, plant and equipment	\$ 633	\$ -
Unrealized gain on foreign currency exchange, net	(1,911)	(82,136)
(Loss) interest in financial assets (liabilities) at fair value through profit or loss	960	(4,391)
Other expenses	(3,009)	(1,193)
	<u>\$ 3,327</u>	<u>(\$ 87,720)</u>

(22).Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank loans	\$ 4,636	\$ 8,380
Commercial papers payable	20	72
Imputed interest for deposit	2	4
Other finance expense	222	263
	<u>\$ 4,880</u>	<u>\$ 8,719</u>

(23).Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	\$ 23,072	\$ 24,438
Depreciation charges on right-of- use assets	5,933	5,260
Depreciation charges on property, plant and equipment	1,355	1,787
	<u>\$ 30,360</u>	<u>\$ 31,485</u>

(24).Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 17,375	19,487
Labor and health insurance fees	1,275	1,402
Pension costs	655	721
Directors' remuneration	3,180	2,280
Other personnel expenses	587	548
	<u>\$ 23,072</u>	<u>\$ 24,438</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 December 31, 2023 and 2022, employees' compensation was accrued at \$600, respectively; while directors' and supervisors' remuneration was accrued at \$900, respectively. The aforementioned amount is listed in the account of salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.66% and 0.99% of distributable profit of current year. The actual distributed amounts as resolved by the Board of Directors were in agreement with the accrued amounts. The employees' compensation will be distributed in the form of cash.

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

(25).Income tax

A.Income tax (benefit) expense

(a)Components of income tax (benefit) expense

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax :		
Current tax on profits for the period	\$ 35,311	\$ 10,366
Prior year income tax underestimation	76	-
Income tax impact of Joint Return	(29,846)	
Total current tax	5,541	10,366
Deferred tax :		
Origination and reversal of temporary differences	(10,979)	(2,585)
Income tax (benefit) expense	(\$ 5,438)	\$ 7,781

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

	Year ended December 31, 2023	Year ended December 31, 2022
Changes in fair value of financial assets at fair value through other comprehensive loss	(\$ 8,786)	(\$ 12,855)

B.Reconciliation between income tax (benefit) expense and accounting profit :

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 17,933	\$ 20,449
Income tax impact of items adjusted in accordance with tax laws	(5,319)	(15,553)
Prior year income tax underestimation	76	-
Income tax impact of stock-priced investments	11,718	-
Income tax impact of Joint Return	(29,846)	-
Impact of withholding tax on overseas income	-	2,885
Income tax expense (benefit)	(\$ 5,438)	\$ 7,781

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

Year ended December 31, 2023				
	January 1	Recognised in profit or loss	Recognised in other comprehen sive income	December 31
Temporary differences :				
-Deferred tax assets :				
Unused compensated	\$ 198	(\$ 26)	\$ -	\$ 172
absences payable				
Loss on valuation of	1,779	-	(1,187)	592
financial asses				
Provisions for liabilities -	23	(23)	-	-
onerous contracts				
Tax losses	-	-	-	-
Exchange loss	2,570	433	-	3,003
Other	1,188	594	-	1,782
Subtotal	<u>5,758</u>	<u>978</u>)	(<u>1,187</u>)	<u>5,549</u>
Deferred tax liabilities :				
Investment income of	(42,652)	10,001	-	(32,651)
foreign subsidiaries				
Financial asset valuation	-	-	(7,599)	(7,599)
benefits				
Subtotal	(<u>42,652</u>)	<u>10,001</u>	(<u>7,599</u>)	(<u>40,250</u>)
Total	(\$ <u>36,894</u>)	\$ <u>10,979</u>	(\$ <u>8,786</u>)	(\$ <u>34,701</u>)

Year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehen sive income	December 31
Temporary differences :				
-Deferred tax assets :				
Unused compensated	\$ 294	(\$ 96)	\$ -	\$ 198
absences payable				
Loss on valuation of	14,634	-	(12,855)	1,779
financial asses				
Provisions for liabilities -	132	(109)	-	23
onerous contracts				
Tax losses	75	(75)	-	-
Exchange loss	-	2,570	-	2,570
Other	594	594	-	1,188
Subtotal	<u>15,729</u>	<u>2,884</u>)	(<u>12,855</u>)	<u>5,758</u>
Deferred tax liabilities :				
Investment income of	(42,353)	(299)	-	(42,652)
foreign subsidiaries				
Total	(\$ <u>26,624</u>)	\$ <u>2,585</u>	(\$ <u>12,855</u>)	(\$ <u>36,894</u>)

D. Deductible temporary differences that are not recognized as deferred income tax Assets by the Company.

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 13,911	\$ 13,712

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

G. The Company's income tax returns through 2021 have been assessed as approved by the Tax Authority.

(26). Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	\$ 95,103	185,342	\$ 0.51
Diluted earnings per share			
Net profit	\$ 95,103	185,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	63	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all shares	\$ 95,103	185,403	\$ 0.51
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit	\$ 94,462	185,342	\$ 0.51
Diluted earnings per share			
Net profit	\$ 94,462	185,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	61	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all shares	\$ 94,462	185,403	\$ 0.51

(27).Changes in liabilities from financing activities

2023						
	Short-term loans	Short-term bills payable	Long-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities- gross
January 1	\$ -	\$ -	\$ 564,541	\$ 1,070	\$ 17,535	\$ 583,146
Changes in cash flow from financing activities	40,000	19,985	18,137	(570)	(6,008)	71,544
Impact of exchange rate changes	-	-	(6,438)	-	-	(6,438)
Transfer of pricing investment subsidiary	-	-	(281,622)	-	-	(281,622)
Changes in other non-cash item	-	-	1,077	-	745	1,822
December 31	\$ <u>40,000</u>	\$ <u>19,985</u>	\$ <u>295,695</u>	\$ <u>500</u>	\$ <u>12,272</u>	\$ <u>368,452</u>

2022						
	Short-term loans	Short-term bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities- gross
January 1	\$ -	\$ -	\$ -	\$ 1,070	\$ 21,543	\$ 22,613
Changes in cash flow from financing activities	-	-	551,689	-	(5,285)	546,404
Changes in other non-cash item	-	-	12,852	-	1,277	14,129
December 31	\$ <u>-</u>	\$ <u>-</u>	\$ <u>564,541</u>	\$ <u>1,070</u>	\$ <u>17,535</u>	\$ <u>583,146</u>

7 • RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
Pao Fong Asset Management Co., Ltd.	Subsidiary
Kwong Fong Holdings Limitd	Subsidiary
Mdb's Digital Technology Co., Ltd.	Subsidiary
Galaxy Digital Co., Ltd.	Subsidiary
Chin Fung Industrial Co., Ltd.	Other related party (Dissolution and liquidation)
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

	Year ended December 31, 2023	Year ended December 31, 2022
Hemisphere Industries Corp.	\$ 229	\$ 229
Luo Sheng Fong Co., Ltd.	114	114
Luo Shengtai Co., Ltd.	114	114
	<u>\$ 457</u>	<u>\$ 457</u>

B. Contract liabilities

	Year ended December 31, 2023	Year ended December 31, 2022
Luo Sheng Fong Co., Ltd.	\$ 29	\$ 30
Luo Shengtai Co., Ltd.	28	30
	<u>\$ 57</u>	<u>\$ 60</u>

C. Other receivables

	Year ended December 31, 2023	Year ended December 31, 2022
Mdb's Digital Technology Co., Ltd.	\$ -	\$ 46
	<u></u>	<u></u>

D. Payables to related parties

	December 31, 2023	December 31, 2022
Kwong Fong Holdings Limitd	\$ <u>2,586</u>	\$ <u>3,632</u>

E. Fund loan and related parties

Loans to related parties

i. Outstanding balance

	December 31, 2023	December 31, 2022
Mdbbs Digital Technology Co., Ltd.	\$ <u>-</u>	\$ <u>30,000</u>

ii. Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Mdbbs Digital Technology Co., Ltd.	\$ <u>56</u>	\$ <u>362</u>

The terms of lending to affiliated companies are monthly repayment within 1 year after the loan is made, and the interest in the 2023 of the Republic of China is charged at an annual rate of 1.50%~1.89%.

F. Endorsements and guarantees

	December 31, 2023	December 31, 2022
Galaxy Digital Co., Ltd.	\$ <u>20,000</u>	\$ <u>20,000</u>

(3).Key management compensation

	2023	2022
Salaries and other short-term employee benefits	\$ <u>13,243</u>	<u>13,893</u>
Post-employment benefits	<u>354</u>	<u>378</u>
Total	\$ <u>13,597</u>	<u>14,271</u>

8 ° PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Financial assets at fair value through other comprehensive income-noncurrent	\$ 880,432	\$ 1,439,937	Long-term liabilities guarantee

9 ° SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

None.

1 0 ° SIGNIFICANT DISASTER LOSS

None.

1 1 ° SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information about appropriation of earnings is provided in Note 6(16)

1 2 ° OTHERS

(1).Capital management

The Company' s objectives when managing capital are to safeguard the Company' 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to maintain an optimal capital structure.

(2).Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 73,444	\$ 8,410
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	1,100,986	1,602,091
Qualifying debt instrument investment	186,333	-
Financial assets at amortized cost		
Cash and cash equivalents	107,222	260,725
Other receivables	57,252	30,634
Guarantee deposits paid	58,742	41,752
	<u>\$ 1,583,979</u>	<u>\$ 1,943,612</u>
	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 56,783	\$ -
Financial liabilities at amortized cost		
Short-term loans	40,000	-
Short-term bills payable	19,985	-
Contract liabilities	57	127
Notes payable	-	24
Other payables	76,529	12,884
Long-term liabilities	295,695	564,541
Guarantee deposits received	500	1,070
	<u>\$ 489,549</u>	<u>\$ 578,646</u>
Lease liabilities	<u>\$ 12,272</u>	<u>\$ 17,535</u>

B. Financial risk management policies

- (a) The Company'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 Company's Finance Department under policies approved by the Board of Directors. The Company's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company'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 Company's main source of foreign exchange risk is the operational team's net investment of institutions that operate as a team. The Company does not hedge the net investment of foreign operating institutions because it is a strategic investment.
- II. The aggregate amounts of all exchange gains and losses (including realized and unrealised) recognized in the Group's monetary items in 2023 and 2022 were (\$1,911) and (\$82,136) respectively due to the significant impact of exchange rate fluctuations.
- III. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount	Exchange rate	Book value(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,295	30.705	\$ 70,467
<u>Non-monetary items</u>			
USD : NTD	\$ 8,026	30.705	\$ 246,440
HKD : USD	162,028	3.929	636,608
<u>Financial liabilities</u>			
<u>Non-monetary items</u>			
JPY : NTD	\$ 922,926	0.217	\$ 200,275
CHF : NTD	2,615	36.485	95,420
(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount	Exchange rate	Book value(NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD : NTD	44,131	30.710	1,355,274
HKD : USD	303,854	3.938	1,196,577
<u>Financial liabilities</u>			
<u>Non-monetary items</u>			
JPY : NTD	1,705,956	0.232	396,464
CHF : NTD	5,062	33.205	168,077

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

(Foreign currency: functional currency)	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on othe comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 705	-
<u>Non-monetary items</u>			
USD : NTD	1.00%	\$ -	\$ 2,464
HKD : NTD	1.00%	-	6,366
<u>Financial liabilities</u>			
<u>Non-monetary items</u>			
JPY : NTD	1.00%	\$ 2,003	\$ -
CHF : NTD	1.00%	954	-

(Foreign currency: functional currency)	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation		Effect on profit or loss	Effect on othe comprehensive income
<u>Financial assets</u>				
<u>Non-monetary</u>				
<u>items</u>				
USD : NTD	1.00%	\$	-	\$ 13,553
HKD : NTD	1.00%		-	11,966
<u>Financial liabilities</u>				
<u>Non-monetary</u>				
<u>items</u>				
JPY : NTD	1.00%	\$	3,965	\$ -
CHF : NTD	1.00%		1,681	-

Price risk

- I .The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and at fair value through other comprehensive gains or losses. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Company.
- II.The Company is exposed to the price risk of equity instruments as a result of its equity instrument holdings. The Company' 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 Company' 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 2022 increased or decreased by \$12 and \$0, 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 \$9, 732 and \$12, 817, respectively.

Cash flow and fair value interest rate risk

- I .The Company' s interest rate risk is mainly derived from long-term borrowings issued at floating interest rates, which exposes the Company to cash flow interest rate risk.
- II .The Company' s borrowings are measured at amortized cost and are subject to annual repricing in accordance with the contract, so the Company is exposed to the risk of future market interest rate fluctuations.
- III .When the interest rate of JPY foreign currency borrowings rises or falls by 1% while other factors remain unchanged, the after-tax net profit of the Republic of China in 2023 and 2022 will decrease or increase by \$1,602 and \$3,172 respectively, mainly due to the consequent changes in interest expense due to floating rate borrowings.
- IV .When the interest rate of CHF foreign currency borrowings rises or falls by 1% while other factors remain unchanged, the after-tax net profit of the Republic of China in 2023 and 2022 will decrease or increase by \$763 and \$1,345 respectively, mainly due to the consequent changes in interest expense due to floating rate borrowings.

(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. Mainly due to the inability of counterparties to settle accounts receivable paid on payment terms and financial liabilities at fair value through profit or loss.
- II .The Company manages its credit risk based on a Company - 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 Company 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 following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (b) The disappearance of an active market for that financial asset because of financial difficulties;
 - (c) Default or delinquency in interest or principal repayments;
 - (d) Adverse changes in national or regional economic conditions that are expected to cause a default.
- V. The Company 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 Company'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.

(c)Liquidity risk

- I . Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company' s Finance Department. Company' s Finance Department monitors rolling forecasts of the Company' s liquidity requirements to ensure it has sufficient cash to meet operational needs.
- II . The Company invests surplus cash from all operating units in interest bearing current accounts, time deposits, and choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company' s position held in money market were \$32, 173 and \$34,319.
- III . Detail of the loan credit not yet drawn down by the Group is as follows:

	December 31, 2023	December 31, 2022
Floating rate		
Less than 1 year	\$ 438,407	\$ 686,996
Over 5 years	341,021	97,932
	<u>\$ 779,428</u>	<u>\$ 784,928</u>

- IV . The table below analyses the Company' 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>	<u>Less than 1 year</u>	<u>Over 1 year</u>
December 31, 2023		
Short-term loans	\$ 40,062	\$ -
Short-term bills payable	20,000	-
Financial liabilities measured at fair value through profit or loss	56,783	-
Contract liabilities	57	-
Other payables	76,529	-
Lease liabilities	6,216	6,221
Long-term loans	-	295,695
<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
December 31, 2022		
Contract liabilities	\$ 127	\$ -
Notes payable	24	-
Other payables	12,884	-
Lease liabilities	5,943	11,908
Long-term loans	-	564,541

(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:

Level1: 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. The fair value of the Company's investments in domestic and foreign listed stocks, investments in foreign corporate bonds that are popular bonds, and publicly quoted derivatives in the active market are all subject to this.

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 Company's active market.

B. Financial instruments not measured at fair value

(a) Including cash and cash equivalents, other receivables, short-term borrowings, accounts payable, other payables, are approximate to their fair values.

(b) The methods and assumptions used to estimate fair value are as follows:

Ordinary corporate bonds: measured by the public quotation of the active market.

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

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

December 31, 2023	<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	\$ 1,219	\$ -	\$ -	\$ 1,219
Derivative instruments	12,119	-	-	12,119
Structured Notes	60,106	-	-	60,106
Financial assets at fair value through other comprehensive income				
Equity securities	1,068,602	-	32,384	1,100,986
Liabilities securities				
	<u>186,333</u>	<u>-</u>	<u>-</u>	<u>186,333</u>
Total	\$ <u>1,328,379</u>	\$ <u>-</u>	\$ <u>32,384</u>	\$ <u>1,360,763</u>
Liabilities				
Recurring fair value measurements				
Financial liabilities measured at fair value through profit or loss				
Securities lending transaction	\$ <u>56,783</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>56,786</u>

December 31, 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				
Derivative instruments	\$ 8,410	\$ -	\$ -	\$ 8,410
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,574,933</u>	<u>-</u>	<u>27,158</u>	<u>1,602,091</u>
Total	<u>\$ 1,583,343</u>	<u>\$ -</u>	<u>\$ 27,158</u>	<u>\$ 1,610,501</u>

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

I. The instruments the Company used market quoted prices as their fair values are listed below by characteristics:

	<u>Listed shares</u>	<u>Corporate bonds</u>
Market quoted price	<u>Closing price</u>	<u>Weighted average price of 100 yuan</u>

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).

III. The output of the evaluation model is an estimate and the evaluation technique may not reflect all the factors involved in the Company's holdings of financial and non-financial instruments. Therefore, the estimate of the evaluation model will be adjusted appropriately according to

additional parameters, such as model risk or liquidity risk. In accordance with the Company's fair value valuation model management policy and related control procedures, the management believes that valuation adjustments are appropriate and necessary to fairly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and adjusted appropriately according to current market conditions.

IV. The Group has adjusted the credit risk assessment into the calculation of the fair value of financial instruments and non-financial instruments to reflect the credit risk of counterparties and the credit quality of the Group, respectively.

D. For the years ended December 31, 2023 and 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 December 31, 2023 and 2022:

	<u>Equity securities-Unlisted shares</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 27,158	\$ 97,336
Gains and losses recognized in other comprehensive income	5,226	(30,829)
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	(39,349)
At December 31	\$ <u>32,384</u>	\$ <u>27,158</u>

F. For the years ended December 31, 2023 and 2022, there was no transfer in and out of the Level 3

G. The Company is in charge of valuation procedures for fair value measurements being categorized 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.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument :				
Unlisted shares	\$ 19,956	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 The higher the control and discount for lack of control, the lower the fair value
	12,428	Net asset value	"	
	<u>\$ 32,384</u>			
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument :				
Unlisted shares	\$ 16,386	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 The higher the control and discount for lack of control, the lower the fair value
	10,772	Net asset value	"	
	<u>\$ 27,158</u>			

- I. The Company 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 categorized within Level 3 if the inputs used to valuation models have changed :

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Unlisted shares	discount for lack of marketability	±1%	\$ -	\$ -	\$ 457	(\$ 453)

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Unlisted shares	discount for lack of marketability	±1%	\$ -	\$ -	\$ 182	(\$ 182)

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

14 • SEGMENT INFORMATION

None.

Kwong Fong Industries Corporation
Statement of cash and cash equivalents
December 31, 2023

Expressed in thousands of TWD

Item	Description	Amount
Cash on hand and Petty cash		\$ 75
Checking accounts and Demand deposits		32,682
Time deposits		74,465
		<u>\$ 107,222</u>

Kwong Fong Industries Corporation
Statement of changes in Financial assets at fair value through other comprehensive income
For the year ended December 31, 2023

Expressed in thousands of TWD

	Balance at January 1, 2022		Additions in Investment		Decrease in Investment		Balance at December 31, 2022			Collateral	Footnote
	Shares/Units (In Thousands)	Fair value	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Percentage of Ownership (%)	Fair value		
Shin hua wool spinning co., Ltd.	437	\$ 8,484	-	\$ 1,855	-	\$ -	437	15.17%	\$ 10,339	No	
Lian An Health Business Co., Ltd.	401	16,386	-	3,571	-	-	401	3.10%	19,957	"	
ASCCHARWIE COMPANY	922	2,288	-	-	-	(199)	922	8.00%	2,089	"	
Bank of China Co., Ltd.	45,800	512,224	-	6,510	(20,800)	(226,023)	25,000	0.01%	292,711	Note	Pledge
Agricultural Bank of China Co., Ltd.	35,800	377,827	-	28,409	(17,000)	(183,902)	18,800	0.01%	222,334	"	"
Bank of Communications Co., Ltd.	10,800	190,961	-	11,818	(6,800)	(126,242)	4,000	0.01%	76,537	"	"
Industrial and Commercial Bank of China Co., Ltd.	7,300	115,565	-	148	(4,300)	(70,687)	3,000	0.00%	45,026	"	"
Union Bank of Taiwan Special Shares	1,700	87,890	-	-	-	(680)	1,700	0.04%	87,210	"	"
Yulon Finance Corporation Special Shares	401	20,170	-	-	-	(341)	401	0.06%	19,829	"	"
Fubon Financial Holdings Special Shares	-	-	152	9,350	-	(63)	152	0.00%	9,287	No	
Asia Cement co., Ltd.	3,300	135,300	-	1,485	-	-	3,300	0.09%	136,785	Note	Pledge
Mega Financial Holdings Co., Ltd.	10	311	-	94	-	-	10	0.00%	405	No	
Taiwan Cement co., Ltd.	3,481	117,145	-	4,177	-	-	3,481	0.05%	121,322	"	
Shin Kong Financial Holdings Co., Ltd.	2,000	17,540	-	160	-	-	2,000	0.01%	17,700	"	
Yuanta Futures Co., Ltd.	-	-	650	39,455	-	-	650	0.22%	39,455	"	
Barclays PLC 7.385% 22/28	-	-	-	33,348	-	(592)	-	-	32,756	"	
Standard Chartered PLC 7.767% 22/28	-	-	-	91,696	-	(2,301)	-	-	89,395	"	
HSBC Holdings PLC 7.39% 22/28	-	-	-	33,599	-	(684)	-	-	32,915	"	
Nomura Holdings Inc. 5.605% 22/29	-	-	-	31,290	-	(23)	-	-	31,267	"	
		<u>\$ 1,602,091</u>		<u>\$ 296,965</u>		<u>(\$ 611,737)</u>			<u>\$ 1,287,319</u>		

Note: The company pledged the stock for borrowing.

Kwong Fong Industries Corporation
Statement of changes in investment accounted for using equity meth
For the year ended December 31, 2023

Expressed in thousands of shares/TWD

	Balance at January 1, 2023		Additions in Investment		Decrease in Investment		Balance at December 31, 2023			Market Value or Net Assets Value		
	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Ownership (%)	Amount	Price (TWD)	Total Amount	Collateral
Kwong Fong Holdings Limitd	17,800	\$ 1,355,274	12,642	\$ 439,528	-	(\$ 253,313)	30,442	100.00%	\$ 1,541,489	\$ -	\$ 1,541,489	No
Pao Fong Asset Management Co., Ltd.	10,000	832,666	-	3,953	-	(45,440)	10,000	100.00%	791,179	-	791,179	"
Mdb's Digital Technology Co., Ltd.	1,612	50,123	-	7,711	-	(8,378)	1,612	51.00%	49,456	-	49,436	"
Galaxy Digital Co., Ltd.	2,169	38,602	-	9,660	-	(3,712)	2,169	51.00%	44,550	-	44,550	"
		<u>\$ 2,276,665</u>		<u>\$ 460,852</u>		<u>(\$ 310,843)</u>			<u>\$ 2,426,674</u>		<u>\$ 2,426,674</u>	

Kwong Fong Industries Corporation
Statement of short-term loans
For the year ended December 31, 2023

Expressed in thousands of shares/TWD

Type of borrowings	Description	Balance at December 31, 2023	Contracts period	Interest rate	Loan Commitments	Collaterals	Note
Unsecured bank loans	Mega Bank Taan Brabch	\$ 40,000	112/01/11~113/01/10	1.85%	-	No	

Kwong Fong Industries Corporation
Statement of short-term bills payable
For the year ended December 31, 2023

Expressed in thousands of shares/TWD

Item	Guarantee or acceptance agency	Contracts period	Interest rate	Amount	Unamortised Premiums (DISCOUNTS)	Book Value	Note
Commercial Paper	Ta Ching Bills Finance Corporation	112/12/20~113/01/19	1.52%	20,000 (\$	15)\$	19,985	

Kwong Fong Industries Corporation
Statement of administrative expenses
For the year ended December 31, 2023

Expressed in thousands of shares/TWD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 23,072	
Other expenses		12,964	
Depreciation expense		7,288	
		<u>\$ 43,324</u>	

Kwong Fong Industries Corporation
Summary statement of current period employee benefits, depreciation, and amortization expenses by function
For the year ended December 31, 2023

Expressed in thousands of TWD

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 17,375	\$ 17,375	\$ -	\$ 19,487	\$ 19,487
Labor and health insurance	-	1,275	1,275	-	1,402	1,402
fees						
Pension costs	-	655	655	-	721	721
Directors' remuneration	-	3,180	3,180	-	2,280	2,280
Other personnel expenses	-	587	587	-	548	548
	<u>\$ -</u>	<u>\$ 23,072</u>	<u>\$ 23,072</u>	<u>\$ -</u>	<u>\$ 24,438</u>	<u>\$ 24,438</u>
Depreciation expenses	\$ -	\$ 7,288	\$ 7,288	\$ -	\$ 7,047	\$ 7,047
Amortisation expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note :

- 1.As at December 31, 2023 and 2022, the Company had 19 and 20 employees, including 6 and 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year was \$1,530 ('total employee benefit expense in current year – total directors' remuneration in current year' / 'the number of employees in current year – the number of non-employee directors in current year').
Average employee benefit expense in previous year was \$1,583 ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year')
 - (2) Average employees salaries in current year were \$1,337 (total salaries and wages in current year / 'the number of employees in current year - the number of non-employee directors in current year').
Average employees salaries in previous year were \$1,392 (total salaries and wages in previous year / 'the number of employees in previous year -the number of non-employee directors in previous year').

Kwong Fong Industries Corporation
Summary statement of current period employee benefits, depreciation, and amortization expenses by function
For the year ended December 31, 2023

Expressed in thousands of TWD

- (3) Adjustments of average employees salaries were -4% ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year' / the average employee salaries and wages in previous year)
- (4) The remuneration of the audit committee members this year was \$1,080, and the remuneration of the audit committee members and supervisors in the previous year was \$1,080.
(The company re-elected all directors through the resolution of the shareholders' meeting on July 1, 2021, and set up an audit committee to replace the supervisor)
- (5) Salary policy for directors, managers, employees.
- A. The Articles of Incorporation of the Company, if the Company has profits in a given year, it shall allocate 0.1%–2% of such profits as employee remuneration and no greater than 1% as director remuneration. The payment will be made upon approval by the Salary and Remuneration Committee.
- B. The emoluments of the employee and manager consists of salary, bonus and employees' compensation. This emoluments policy is to offer appropriate emoluments based on their education and work experience and degree of contribution to recognise the responsibilities.
- C. The Company may pay directors the transportation fee on a monthly basis, regardless of being in profit or loss; such amount shall be determined by the Board of Directors. The Board of Directors is authorized to determine the remuneration for the directors based on the extent of their participation in, and contribution to, the Company' s operations, and by referencing the industry standards among peers.
- D. Directors' remuneration and manager's remuneration are submitted to the Board of Directors for approval after the Remuneration Committee makes recommendations in accordance with regulations.

Kwong Fong Industries Corporation
Loans to others
January 1, 2023- December 31, 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	\$ -	\$ 100,000	1.5%~1.89%	short-term financing	\$ -	operational turnover	\$ -	-	\$ -	\$1,397,742	\$1,397,742	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 : \$ 3,494,354*40%=1,397,742

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
Provision of endorsements and guarantees to others
January 1, 2023- December 31, 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 endorse ments / guarante es to the party in Mainland China (Note 7)	Foot note
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Kwong Fong Industries Corporation	Galaxy Digital Co., Ltd.	2	\$ 3,494,354	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	0.57	\$ 3,494,354	Y	N	N	Note 8

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.

(3) The endorsed/guaranteed parent company directly and indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.

(5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

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

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

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

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

1. The limit of endorsement guarantee for individual objects is limited to 100% of the net value of the latest financial statement.

2. The maximum amount of external endorsement guarantee is the same as the limit of endorsement guarantee for individual objects.

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1, 2023- December 31, 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	19,956	3.19%	19,956	
	ASCCHARWIE COMPANY			922	2,089	8.00%	2,089	
	Bank of China Co., Ltd.			25,000	292,711	0.02%	292,711	Note 4
	Agricultural Bank of China Co., Ltd.			18,800	222,334	0.01%	222,334	Note 5
	Bank of Communications Co., Ltd.			4,000	76,537	0.01%	76,537	Note 6
	Industrial and Commercial Bank of China Co., Ltd.			3,000	45,026	0.00%	45,026	Note 7
	Union Bank of Taiwan Special Shares			1,700	87,210	0.04%	87,210	Note 8
	Yulon Finance Corporation Special Shares			401	19,830	0.07%	19,830	Note 9
	Fubon Financial Holdings Special Shares			152	9,287	0.00%	9,287	
	Asia Cement co., Ltd.			3,300	136,785	0.09%	136,785	Note 10
	Mega Financial Holdings Co., Ltd.			10	405	0.00%	405	
	Taiwan Cement co., Ltd.			3,481	121,322	0.05%	121,322	
	Shin Kong Financial Holdings Co., Ltd.			2,000	17,700	0.01%	17,700	
	Yuanta Futures Co., Ltd.			650	39,455	0.22%	39,455	
	Barclays PLC 7.385% 22/28				32,757		32,757	
	Standard Chartered PLC 7.767% 22/28				89,395		89,395	
	HSBC Holdings PLC 7.39% 22/28				32,914		32,914	
	Nomura Holdings Inc. 5.605% 22/29				31,267		31,267	
	E Ink Holdings Inc.		Financial assets at fair value through profit or loss - current	6	1,182	0.00%	1,182	
	AUO CORPORATION		"	2	36	0.00%	36	
	FCN NOM-C_CON_BK/AGRI_BOC/ BOC_LTD EQUITY LINKED NOTES				60,106		60,106	
Kwong Fong Holdings Limited	FULCREST LIMITED		Financial asset measured at fair value through other comprehensive income - noncurrent	2,716	1,130,904	44.24%	1,130,904	
	Bank of China Co., Ltd.		"	20,800	243,724	0.02%	243,724	Note 4
	Agricultural Bank of China Co., Ltd.		"	17,000	201,203	0.06%	201,203	Note 5
	Bank of Communications Co., Ltd.		"	6,800	130,214	0.02%	130,214	Note 6
	Industrial and Commercial Bank of China Co., Ltd.			4,300	64,588	0.00%	64,588	Note 7
Pao Fong Asset Management Co., Ltd.	Barclays PLC 7.385% 22/28				49,183		49,183	
	Cathay Financial Holdings Special Shares		"	1,115	66,454	0.01%	66,454	Note 11
	Fubon Financial Holdings Special Shares		"	505	30,856	0.00%	30,856	Note 12
	Fubon Financial Holding Co., Ltd.		"	20	1,375	0.00%	1,375	
	Cathay Financial Holding Co., Ltd.		Financial assets at fair value through profit or loss - current	91	4,164	0.00%	4,164	
Mdb Digital Technology Co., Ltd.	Taiwan Semiconductor Manufacturing Company Limited		"	6	3,558	0.00%	3,558	

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 45,800 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- December 31, 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)
1	Mdbs Digital Technology Co., Ltd.	Galaxy Digital Co., Ltd.	3	Project income	13,329	Note 4	4.51%
2	Galaxy Digital Co., Ltd.	Mdbs Digital Technology Co., Ltd.	"	Project cost	9,000	"	3.04%

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
Information on investments (not including investments company of Mainland China)
January 1, 2023- December 31, 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%	\$ 1,541,489	\$ 48,627	\$ 48,627	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%	791,179	(31,419)	(31,419)	"
"	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%	49,456	12,499	7,518	"
"	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%	44,550	18,942	7,905	"
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 Consulting Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da' an Dist., Taipei City 106, Taiwan	Securities investment consulting	20,000	-	2,000	100%	17,199	(1,542)	(1,542)	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
Major shareholders information
January 1, 2023- December 31, 2023

Table 6

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Luo Sheng Fong Co., Ltd.	16,695,400	9.00%
Hemisphere Industries Corp.	16,296,746	8.79%
Leo Ho	12,772,701	6.89%