KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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

Kwong Fong Industries Corporation

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATE

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2023.

Very truly yours,

Kwong Fong Industries Corporation

By：

March 15, 2024

INDEPENDENT AUDITORS' REPORT

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

Introduction

We have audited the accompanying consolidated balance sheets of Kwong Fong Industries Corporation and its subsidiaries (collectively referred herein as the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Measurement of Financial Assets at Fair Value of Fulcrest Limited

Explanation of Items

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

As of December 31, 2023, the amount of Kwong Fong Industries Group of Companies and its subsidiaries' s financial assets measured at fair value through other comprehensive income is NT$3,205,820 thousands, which represents 70% of total consolidated assets, of which Fulcrest Limited, a Hong Kong-based company, accounts for at fair value of NT$1,130,904 thousands. As the assumptions used in the fair value evaluation are subjective and uncertain, and the results have a significant impact on the consolidated financial statement, the accountant has identified Fulcrest Limited' s measurement of the fair value of its financial assets as one of the year' s most important audited items.

How our audit addressed the matter

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

1. Investigate and assess the management' s policy and evaluation procedures for financial assets measured at fair value through other comprehensive income.
2. Obtain and evaluate the value of the stock right evaluation report issued by an external evaluation expert appointed by the management, including determining the independence, competence, and objectivity of the external evaluation expert
3. The evaluation model used in the value of stock right evaluation report is generally used where it is appropriate.
4. Evaluate the applicability and validity of the key assumptions used in the value of stock right evaluation report.
5. Ensure that the value of the stock right evaluation report' s fair value corresponds to the carrying amount.

Accuracy of recognition of revenue from information software service.

Description

Please refer to Note 4(29) of the financial statements for accounting policies on revenue recognition, Note 5 for accounting Estimate on revenue recognition and Note 6(21) for details of operating revenue.

The operating income of Kwong Fong Industries Group of Companies and its subsidiaries is primarily comprised of revenue from information software services, and construction. The information software service revenue in 2023 amounted to NT$271,588 thousands, accounting for 92% of its operating income in 2023. During the period of financial reporting, revenue from information software services is recognized based on the percentage of completion method for contractually agreed-upon services provided to clients. As of the balance sheet date, the percentage of completion is based on the engaged time proportion of the total estimated hours contracted. Due to the subjective nature of the management's assessment of the degree of completion, the accountant has ranked the accuracy of software service revenue recognition as one of the year's most important audited items.

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited the parent company only financial statement of Kwong Fong Industries Corporation Limited as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion with explanatory paragraph thereon.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	ASSETS	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	$ 233,146	5	$ 311,144	7
1110	Financial assets at fair value through profit or loss - current	6(2)	81,165	2	15,638	-
1136	Financial assets at amortized cost - current	6(4)	15,990	-	19,000	1
1140	Contract assets- current	6(21)	10,384	-	11,617	-
1170	Accounts receivable, net	6(5)	28,053	1	21,637	1
1200	Other receivables		58,934	1	55,648	1
1220	Income tax assets		4,190	-	421	-
130X	Inventories	6(6) and 8	629,621	14	647,406	14
1410	Prepayments		8,320	-	3,988	-
1470	Other current assets		33	-	5	-
11XX	Total current assets		1,069,836	23	1,086,504	24
	NONCURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income-noncurrent	6(3) and 8	3,205,820	70	3,044,936	68
1535	Financial assets at amortized cost - noncurrent	6(4)	5,000	-	-	
1600	Property, plant and equipment	6(7) and 8	16,180	-	35,768	1
1755	Right-of-use assets	6(8)	25,960	1	39,405	1
1780	Intangible assets	6(10)	67,614	1	74,395	2
1840	Deferred income tax assets	6(28)	120,147	3	153,410	3
1900	Other noncurrent assets	6(11)	82,885	2	59,183	1
15XX	Total noncurrent assets		3,523,606	77	3,407,097	76
1XXX	Total assets		$ 4,593,442	100	$ 4,493,601	100

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KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities					
2100	Short-term loans	6(12)	$ 40,000	1	$ -	-
2110	Short-term bills payable	6(13)	19,985			
2120	Financial liabilities measured at fair value through profit or loss- current	6(14)	56,783	1		
2130	Current contract liabilities	6(21) and 7	43,341	1	22,143	1
2150	Notes payable		-	-	24	-
2170	Accounts payable		6,201	-	7,743	-
2219	Other payables		120,423	3	38,865	1
2230	Income tax payable		4,598	-	169	-
2250	Provision-Current		-	-	114	-
2280	Lease liabilities-Current		14,492	-	14,056	-
2320	Long-term liabilities - current portion	6(15) and 8	-	-	13,766	-
2399	Other current liabilities		1,735	-	2,368	-
21XX	Total current liabilities		307,558	6	99,248	2
	Noncurrent liabilities					
2540	Long-term bank loans	6(15) and 8	585,223	13	564,541	12
2570	Deferred income tax liabilities	6(28)	124,484	3	125,399	3
2580	Non-current lease liabilities		12,250	-	26,236	1
2600	Other noncurrent liabilities		573	-	1,088	-
25XX	Total noncurrent liabilities		722,530	16	717,264	16
2XXX	Total liabilities		1,030,088	22	816,512	18
	EQUITY					
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
	Capital	6(17)				
3110	Capital stock		1,853,422	40	1,853,422	41
	Capital surplus	6(18)				
3200	Capital surplus		50,079	1	43,767	1
	Retained earnings	6(19)				
3310	Appropriated as legal capital reserve		415,698	9	406,305	9
3320	Appropriated as special capital reserve		76,252	2	76,450	2
3350	Unappropriated earnings		933,428	20	940,173	21

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Other equity interest	6(20)						
3400	Other equity interest			165,475	4		290,553	6
31XX	Equity attributable to shareholders of the parent			3,494,354	76		3,610,670	80
36XX	NON-CONTROLLING INTERESTS			69,000	2		66,419	2
3XXX	Total equity			3,563,354	78		3,677,089	82
	Significant Contingent Liabilities And Unrecognized Contract Commitments	9						
	Significant Events After The Balance Sheet Date							
3X2X	Total liabilities and equity		$	4,593,442	100	$	4,493,601	100

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
EARS ENDED DECEMBER 31, 2023 AND 2022

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

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Net revenue	6(21) and 7	$ 295,859	100	$ 249,391	100
5000	Cost of revenue	6(26)	(188,215)	(64)	(182,848)	(73)
5900	Gross profit		107,644	36	66,543	27
	Operating expenses	6(26)(27)				
6100	Selling expenses		(2,197)	(1)	(1,393)	(1)
6200	General and administrative		(116,605)	(39)	(113,446)	(45)
6450	Expected credit loss (gain)		(847)	-	187	(-)
6000	Total operating expenses		(119,649)	(40)	(114,652)	(46)
6900	Income(Loss) from operations		(12,005)	(4)	(48,109)	(19)
	Non-operating income and expenses					
7100	Interest income	6(22)	6,946	2	1,682	1
7010	Other income	6(23)	162,826	55	247,240	99
7020	Other gains and losses, net	6(24)	(1,298)	-	(83,273)	(34)
7050	Finance costs	6(25)	(7,827)	(3)	(10,544)	(4)
7000	Total non-operating income and expenses		160,647	54	155,105	62
7900	Profit before income tax		148,642	50	106,996	43
7950	Income tax expense	6(28)	(38,642)	(13)	(10,740)	(4)
8200	Profit for the year		$ 110,000	37	$ 96,256	39

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
EARS ENDED DECEMBER 31, 2023 AND 2022

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

	Items	Notes	2023 Amount	%	2022 Amount	%
	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)	($ 126,004)	(42)	$ 90,045	36
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	6(3)(28)	(11,678)	(4)	(12,855)	(5)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(137,682)	(46)	77,190	31
	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(20)	7,077	2	125,448	50
8367	Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	6(3)	5,545	2	-	-
8360	Items that may be reclassified subsequently to profit or loss:		12,622	4	125,448	50
8300	Other comprehensive income (loss), net of income tax		($ 125,060)	(42)	$ 202,638	81
8500	Total comprehensive income for the year		($ 15,060)	(5)	$ 298,894	120
	Profit attributable to:					
8610	Shareholders of the parent		$ 95,103	32	$ 94,462	38
8620	Non-controlling interests		14,897	5	1,794	1
	TOTAL		$ 110,000	37	$ 96,256	39
	Comprehensive income attributable to:					
8710	Shareholders of the parent		($ 29,957)	(10)	$ 297,100	119
8720	Non-controlling interest		14,897	5	1,794	-
	Total		($ 15,060)	(5)	$ 298,894	120
	Basic earnings per share (in dollars)	6(30)				
	Earnings per share					
9750	Basic earnings per share	6(29)	$ 0.51		$ 0.51	
9850	Diluted earnings per share		$ 0.51		$ 0.51	

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings			Others				
	Notes	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capita Reserve	Unappropriated Earnings	Financial statements translation differences of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
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	$ 72,763	$ 3,479,559
Profit for the year		-	-	-	-	94,462	-	-	94,462	1,794	96,256
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	125,448	77,190	202,638	-	202,638
Total comprehensive income (loss)		-	-	-	-	94,462	125,448	77,190	297,100	1,794	298,894
Appropriation of 2020 earnings											
Legal reserve	6(19)	-	-	33,211	-	(33,211)	-	-	-	-	-
Cash dividends to shareholders	6(19)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)
Adjustments to share of changes in equity of associates and joint ventures						(536)			(536)		(536)
Dividends paid to unclaimed by shareholders with claim period elapsed	6(18)	-	(19)	-	-	-	-	-	(19)	-	(19)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(8,138)	(8,138)
Balance at December 31, 2022		$1,853,422	$ 43,767	$ 406,305	$ 76,450	$ 940,173	$ 132,396	$ 158,157	$ 3,610,670	$ 66,419	$ 3,677,089
Year 2023											
Balance at January 1, 2023		$1,853,422	$ 43,767	$ 406,305	$ 76,450	$ 940,173	$ 132,396	$ 158,157	$ 3,610,670	$ 66,419	$ 3,677,089
Profit for the year		-	-	-	-	95,103	-	-	95,103	14,897	110,000
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	7,077	(132,137)	(125,060)	-	(125,060)

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings			Others				
	Notes	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capita Reserve	Unappropriated Earnings	Financial statements translation differences of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
Total comprehensive income (loss)		-	-	-	-	95,103	7,077	(132,137)	(29,957)	14,897	(15,060)
Appropriation of 2022 earnings											
Legal reserve	6(19)	-	-	9,393	-	(9,393)	-	-	-	-	-
Cash dividends to shareholders	6(19)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)
Dividends unclaimed by shareholders with claim period elapsed	6(18)	-	6,312	-	-	-	-	-	6,312	-	6,312
Reversal of special reserve		-	-	-	(198)	198	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income		-	-	-	-	18	-	(18)	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(12,316)	(12,316)
Balance at December 31, 2023		$ 1,853,422	$ 50,079	$ 415,698	$ 76,252	$ 933,428	$ 139,473	$ 26,002	$ 3,494,354	$ 69,000	$ 3,563,354

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

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

(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		148,642	106,996
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(26)	16,586	17,095
Amortization expense	6(26)	13,897	11,876
Expected credit losses recognized (reversal) on investments in debt instruments		847	(187)
Net gain on financial assets at fair value through profit or loss	6(24)	(5,786)	5,268
Interest expense	6(25)	7,827	10,544
Interest income	6(22)	(6,946)	(1,682)
Dividend income	6(23)	(139,882)	(226,704)
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(24)	(3,044)	(6,746)
Reversal of benefits of financial asset	6(24)	(25)	
Gain on lease modification	6(24)	-	(350)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Contract assets		1,233	12,324
Accounts receivable		(7,263)	8,838
Receivables from related parties		-	16,964
Other receivables		(4,817)	7,609
Inventories		17,785	-
Prepayments		(4,332)	(3,101)
Changes in operating liabilities			
Contract liabilities		2,198	(147)
Notes payable		(24)	24
Accounts payable		(1,542)	(623)
Payables to related parties		-	(16)
Other payables		76,940	(11,737)
Other payables to related parties		(45)	(54)
Other current liabilities		(633)	394
Provision		(114)	(544)
Cash (out)inflow generated from operations		130,502	(53,959)
Interest received		4,852	1,553
Cash dividend received		139,882	226,704
Interest paid		(3,164)	(2,540)
Income tax paid		(16,700)	(17,011)
Net cash generated by operating activities		255,372	154,747

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

(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 275,674)	($ 698,419)
Proceeds from capital reduction of financial assets at fair value through profit or loss	6(3)	-	39,349
Acquisition of financial assets at amortised cost		(5,990)	194,500
Disposal of financial assets at amortised cost		4,000	
Acquisition of financial instruments at fair value through profit or loss		(1,623,096)	(339,406)
Disposal of financial instruments at fair value through profit or loss		1,568,197	336,328
Acquisition of property, plant and equipment		1,096)	(153)
Disposal of property, plant and equipment		74,848	-
Increase in refundable deposits paid		(30,751)	(13,734)
Decrease in refundable deposits paid		-	9,325
Acquisition of intangible assets		(7,100)	(4,459)
Increase in other financial assets - current		(28)	
Decrease in other financial assets - current		-	4,738
Increase in other non-current assets		-	(317)
Decrease in other non-current assets		3,654	(317)
Net cash generated by (used in) investing activities		(293,036)	(472,248)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		60,000	-
Decrease in short-term loans		(20,000)	(58,000)
Increase in short-term bills payable		29,964	-
Decrease in short-term bills payable		(9,979)	-
Proceeds from long-term bank loans		20,080	591,236
Repayment of long-term bank loans		(13,766)	(105,005)
Increase in guarantee deposits received	6(30)	-	(1)
Decrease in guarantee deposits received	6(30)	(515)	
Repayment of the principal portion of lease liabilities	6(30)	(14,295)	(13,352)
Cash dividends		(102,413)	(95,964)
Decrease in financial liabilities measured at fair value through profit or loss- current		(1,016)	
Expired unclaimed dividends transferred to capital surplus	6(18)	6,312	(19)

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

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

(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Subsidiary cash reduction		-	(4,900)
Net cash generated by (used in) financing activities		(45,628)	313,997
Effect of exchange rate changes		5,294	13,026
Net increase(decrease) in cash and cash equivalents		(77,998)	9,522
Cash and cash equivalents at beginning of year		311,144	301,622
Cash and cash equivalents at end of year		$ 233,146	$ 311,144

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1 ◦ GENERAL

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

2 ◦ THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on 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:

New Standards, Interpretations and Amendment	Effective date by International Accounting Standards Board
Amendments to IAS 1,'Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8,'Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12,'Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
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 2023 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 21, ' Lack of exchangeability'	January 1, 2024

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

4 。SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1).Statement of Compliance

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

(2).Basis of Preparation

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

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

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

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

(3).Basis of Consolidation

A.The basis for the consolidated financial statements

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

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

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

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

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

B.The subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
Company	Pao Fong Asset Management Co., Ltd.	Asset Management	100%	100%	-
〃	Kwong Fong Holdings Limitd	General investment activities	100%	100%	-
〃	Mdbs Digital Technology Co., Ltd.	Service of software	51%	51%	-
〃	Galaxy Digital Co., Ltd.	Service of software	51%	51%	〃
Mdbs Digital Technology Co., Ltd.	MDevelop Technology Co., Ltd.	Service of software	-	-	Note1
Galaxy Digital Co., Ltd.	Thunder Wind Co.,Ltd	Service of software	-	51%	-
〃	Peter Rich Co.,Ltd	Service of software	-	51%	Note3
〃	Red Storm Co.,Ltd	Service of software	-	51%	Note3
〃	Digital Securities Investment Consultant Co., Ltd.	Securities investment consultant	100%	100%	Note2

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

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

Note 3 : Peter Rich Co.,Ltd, Red Storm Co.,Ltd and Thunder Wind Co.,Ltd entered into liquidation procedures on June 30, 2022, July 29, 2022, and May 9, 2023, respectively. The business was transferred to Galaxy Group Corporation, a subsidiary of the Group, in the form of business transfer. The liquidation of Peter Rich Co.,Ltd Company and Red Storm Co.,Ltd Company was completed on March 30 and June 26, 2023 respectively.

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

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

E. Significant restrictions: None.

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

(4).Foreign currency translation

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

A.Foreign currency transactions and balances

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

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

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

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

B.Translation of foreign operations

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

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

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

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

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

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

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

(b).Assets held mainly for trading purposes.

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

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

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

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

(b).Liabilities arising mainly from trading activities.

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

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

(6).Cash Equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

(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.

(9).Financial assets at amortised cost

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

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

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

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

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

D.The Group measures the fair value at the time of initial recognition, and subsequently recognizes interest income and impairment loss during the circulation period using the effective interest method on an amortization basis, and recognises its profit or loss in profit or loss.

(10).Notes, accounts and receivables

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

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

C.The Group measures the fair value at the time of initial recognition, and subsequently recognizes interest income and impairment loss during the circulation period using the effective interest method on an amortization basis, and recognises its profit or loss in profit or loss.

(11).Impairment of financial assets

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

(12).Derecognition of financial assets

The 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.

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

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

(14).Inventories

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

(15).Property, plant and equipment

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

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

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

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

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

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

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

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

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

C.At the commencement date, the right-of-use asset is stated at cost.

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

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

(17).Intangible assets

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

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

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

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

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

(18).Impairment of non-financial assets

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

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

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

(19).Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short- term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20).Notes, accounts and payable

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.

(21).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 Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(22).Derecognition of financial liabilities

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

(23).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.

(24).Provisions

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

(25).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.

(26).Income tax

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

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

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

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

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

(27).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.

(28).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.

(29).Revenue recognition

A.Land development and sale.

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

B. Revenue from information software services

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

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

(30).Operating segments

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

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

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

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

Revenue recognition

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

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

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

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

c. It has the discretion to set a price for a particular good or service.

(2).Critical accounting estimates and assumptions

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

The Group' s investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. Please refer to Note 12 (3) for the details of fair value of financial instruments.

The carrying amount of the group' s unlisted TWSE/TPEx stocks with no active market was NT$1,163,288 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	$	1,487	$	1,446
Checking accounts and demand deposit		144,419		84,298
Time deposits		87,240		225,400
	$	233,146	$	311,144

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

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

Items	December 31, 2023	December 31, 2022
Current items：		
Mandatorily measured at FVTPL		
Listed (TSE) stocks	$ 8,374	$ 8,472
Derivative financial instruments	9,692	9,255
Structured Notes	62,540	
	80,606	17,727
Valuation adjustment	559	(2,089)
Total	$ 81,165	$ 15,638

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

Items	Year ended December 31, 2023	Year ended December 31, 2022
Mandatorily measured at FVTPL		
Equity instruments	$ 9,352	($ 724)
Derivative financial instruments	817	(4,544)
Structured Notes	1,050	
	$ 11,219	($ 5,268)

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

Items	December 31, 2023	
	contract amount (Nominal principal)	Contracts period
Current items：		
Futures trading	$ 9,692	112.11.15~113.01.17

	December 31, 2022	
	contract amount (Nominal principal)	Contracts period
Current items：		
Futures trading	$ 9,255	111.11.11~112.9.30

Futures trading

Stock index futures, which are used to obtain a price differential, make up the Group'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	237,539	
Valuation adjustment	(2,022)	
Subtotal	235,517	
Equity instruments		
Foreign listed stocks	$ 1,205,469	$ 1,205,469
Foreign unlisted shares		
Hong Kong Fulcrest Limited	1,079,212	1,079,212
Other	16,000	16,000
Listed (TSE) stocks	570,201	527,270
Unlisted stocks	9,954	9,954
Valuation adjustment	97,092	161,051
Effect of exchange rate	(7,625)	45,980
Subtotal	2,970,303	3,044,936
Total	$ 3,205,820	$ 3,044,936

A. The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $3,205,820 and $3,044,936 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	($ 137,682)	$ 77,190
Dividend income recognized in profit or loss is still held at the end of the current period	$ 133,564	$ 226,616
Mandatorily measured at debt instruments		
Changes in fair value recognized in other comprehensive gains or losses	$ 5,545	$ -
Interest income recognised in profit or loss	$ 4,643	$ -

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

D. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT$3,205,820 and NT$3,044,936 for financial assets at fair value through other comprehensive income, as of December 31, 2023 and 2022, respectively.

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

F. Please refer to Note 12 and (2) for information on the credit risk of financial assets at fair value through other comprehensive gains or losses.

(4). Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items：		
Time deposits exceeding 3 months	$ 15,990	$ 19,000
Non-current items：		
Time deposits exceeding 3 months	5,000	
Total	$ 20,990	$ 19,000

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

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $20,990 and $19,000 respectively.

(5). Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 29,105	$ 21,842
Less: Allowance for bad debts	(1,052)	(205)
	$ 28,053	$ 21,637

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

	December 31, 2023	December 31, 2022
Not past due	$ 25,615	$ 21,208
Past due within 30 days	1,265	67
31 to 90 days	-	567
91 to 180 days	1,500	
More than 181 days	724	
	$ 29,105	$ 21,842

The above ageing analysis was based on past due date.

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

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

(6).Inventories

	December 31, 2023	December 31, 2022
Real property for sale	$ 129,597	$ 147,382
Land held for construction site	500,024	500,024
Total	$ 629,621	$ 647,406

A.Real property for sale

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

B.Land held for construction site

	December 31, 2023	December 31, 2022
Land held for construction site	$ 509,757	$ 509,757
Less: Allowance for valuation losses	(9,733)	(9,733)
Total	$ 500,024	$ 500,024

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

	Year ended December 31, 2023	Year ended December 31, 2022
cost of selling premises	$ 17,785	$ -
Inventory Turnover Benefit	(198)	-
Leases cost	47	48
Total	$ 17,634	$ 48

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

(7).Property, plant and equipment

	2023						
	Land	Buildings	Office equipment	Others equipment	Lease asset	Leasehold Improvements	Total
At January 1	$ 22,489	$ 8,307	$ 8,510	$ 615	$ 2,442	$ 10,362	$ 52,725
Accumulated depreciation	-	(1,872)	(7,477)	(485)	(935)	(6,188)	(16,957)
	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768
At January 1	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768
Additions	-	-	190	-	-	906	1,096
Disposals	(14,776)	(3,679)	(3,292)	-	-	(3,897)	(25,644)
Accumulated depreciation on disposal date	-	678	2,781	-	-	3,897	7,356
Depreciation	7,713	(154)	(291)	(51)	(50)	(1,850)	(2,396)
At December 31	$ 7,713	$ 3,280	$ 421	$ 79	$ 1,457	$ 3,230	$ 16,180
At December 31							
Cost	$ 7,713	$ 4,628	$ 5,408	$ 615	$ 2,442	$ 7,371	$ 28,177
Accumulated depreciation	-	(1,348)	(4,987)	(536)	(985)	(4,141)	(11,997)
	$ 7,713	$ 3,280	$ 421	$ 79	$ 1,457	$ 3,230	$ 16,180

	2022						
	Land	Buildings	Office equipment	Others equipment	Lease asset	Leasehold Improvements	Total
At January 1							
	$ 66,313	$ 12,132	$ 8,510	$ 462	$ 2,442	$ 10,362	$ 100,221
Accumulated depreciation	-	(2,360)	(6,748)	(462)	(886)	(3,699)	(14,155)
	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066
	$ 66,313	$ 9,772	$ 1,762	$ -	$ 1,556	$ 6,663	$ 86,066
At January 1							
Additions	-	-	-	153	-	-	153
Disposals	(43,824)	(3,825)	-	-	-	-	(47,649)
Accumulated depreciation on disposal date	-	880		-	-	-	880
Depreciation	-	(392)	(729)	(23)	(49)	(2,489)	(3,682)
At December 31	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768
At December 31							
Cost	$ 22,489	$ 8,307	$ 8,510	$ 615	$ 2,442	$ 10,362	$ 52,725
Accumulated depreciation	-	(1,872)	(7,477)	(485)	(935)	(6,188)	(16,957)
	$ 22,489	$ 6,435	$ 1,033	$ 130	$ 1,507	$ 4,174	$ 35,768

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

(8).Leasing arrangements - lessee

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

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

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

	December 31, 2023	December 31, 2022
	Carrying Amount	Carrying Amount
Buildings	$ 24,611	$ 38,112
Transportation equipment	1,349	1,293
	$ 25,960	$ 39,405

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation charge	Depreciation charge
Buildings	$ 13,500	$ 13,220
Transportation equipment	690	193
	$ 14,190	$ 13,413

D.For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $745 and $14,071 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
Items affecting profit or loss		
Interest expense on lease liabilities	$ 491	$ 744
Expense on short-term lease contracts	698	1,737
Expense on leases of low-value assets	115	113
Gains arising from lease modifications	-	(350)

F.For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to $15,599 and $15,946, respectively.

(9).Leasing arrangements – lessor

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

B.For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of $838 and $1,333, respectively, based on the operating lease agreement, which does include variable lease payments.

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

	Year ended December 31, 2023	Year ended December 31, 2022
Rental revenue	$ 838	$ 1,287
Rental income recognized as variable lease payments	$ -	$ 46

(10).Intangible assets

2023	Computer	Goodwill	Technologic	Patents	Client	Total
At January 1						
Cost	$ 19,607	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 95,274
Accumulated	(9,232)	-	(2,486)	(2,731)	(6,430)	(20,879)
	$ 10,375	$ 32,583	$ 16,157	$ 10,926	$ 4,354	$ 74,395
At January 1	$ 10,375	$ 32,583	$ 16,157	$ 10,926	$ 4,354	$ 74,395
Additions	7,100	-	-	-	-	7,100
Delist – Cost	(219)					(219)
Delisting –Accumulated amortization and impairment	219					219
Reclassifications	16	-	-	-	-	16
Amortization expenses	(8,073)	-	(1,243)	(1,366)	(3,215)	(13,897)
At December 31	$ 9,418	$ 32,583	$ 14,914	$ 9,560	$ 1,139	$ 67,614
At December 31						
Cost	$ 26,504	$ 32,583	$ 18,643	$ 13,657	$ 10,784	$ 102,171
Accumulated	(17,086)	-	(3,729)	(4,097)	(9,645)	(34,557)
	$ 9,418	$ 32,583	$ 14,914	$ 9,560	$ 1,139	$ 67,614

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

(11).Refundable deposits

Items		December 31, 2023		December 31, 2022
Futures Trading Margin	$	8,144	$	39,129
Contract project deposit		6,740		6,429
Operating margin		15,000		5,000
Leases margin		3,068		4,054
Securities margin		49,021		-
Other		912		917
	$	82,885	$	55,529

(12).Short-term loans

Type of borrowings		December 31, 2023	Interest rate	Collaterals
Bank loans				
Unsecured bank loans		40,000	1.85%	
	$	40,000		

A. As of December 31, 2022, the Group had no outstanding balance of short-term loans.
B. In 2023 and 2022, the Group recognized interest accrued in the amounts of $7,293 and $9,697 related to its long-term and short-term borrowings, respectively.

(13)Short-term bills payable

Type of borrowings		December 31, 2023		December 31, 2022
Short-term bills payable	$	20,000	$	-
Less: Discount on short-termnotes and bills payable	(	15	)	-
	$	19,985	$	-
Interest rate		1.52%		0.00%

The Group's interest expense recognized in profit or loss for 112 and 111 years was $20 and $72 respectively.

(14) 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	$	56,783	$	

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	($	3,334	)$	-

(15).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 1,817,168 Borrowing period is from November 17, 2023 to February 19, 2024, it can be extended annually without conditions and pay monthly	0.78%	$	395,133	Financial assets at fair value through other comprehensive income
Guaranteed CHF Loans	CHF 5,209 Borrowing period is from December 6, 2023 to January 11, 2024, it can be extended annually without conditions and pay monthly	1.78%		190,000	〃
Less: Long-term liabilities - current portion				-	
			$	585,223	

Type of borrowings	Borrowing period and repayment term	Interest rate	December 31, 2022	Collaterals
Long-term loans				
Mortgage and secured bank 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.
Mortgage and secured bank loans	Borrowing period is from December 19, 2022 to January 19, 2022, it can be extended annually without conditions and pay monthly	1.78%	168,077	〃
Credit loan	Borrowing period is from June 9, 2022 to June 8, 2023 and pay monthly	1.89%	13,766	無
Less: Long-term liabilities - current portion			(13,766)	
			$ 564,541	

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

(16).Pension

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

B.The pension costs and expenses under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $5,246 and $5,514, respectively.

(17).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.

(18).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.

	2023		
	Adjustments to share of changes in equity of associates and joint ventures	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

(19).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. As at 31 December 2023, a special surplus reserve of $250,991 was reversed as a result of the disposal of assets to a retained surplus.

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	$ 102,064		$ 125,882	

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	$ 9,393	
Appropriation of cash dividends to shareholders	92,671	$ 0.50
Total	$ 102,203	

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 shareholder s will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20).Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 158,157	$ 132,396	$ 290,553
Revaluation	(120,459)	-	(120,459)
Revaluation – tax	(11,678)	-	(11, 678)
Evaluation adjustments are carried out to retained surpluses	(18)		(18)
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	90,045	-	90,045
Revaluation – tax	(12,855)	-	(12,855)
Currency translation differences	-	125,448	125,448
At December 31	$ 158,157	$ 132,396	$ 290,553

(21).Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from computer software services	$ 271,588	$ 247,500
Revenue from sales of real estate	23,433	-
Other revenue	838	1,891
Revenue(Adjustments)	$ 295,859	$ 249,391

A.Detail of customer contract income

The Group' s revenue can be broken down into the main segments below:

Year ended December 31, 2023	Revenue from computer software services	Revenue from sales of real estate	Other	Total
Revenue from external customer contracts	$ 271,588	$ 23,433	$ 838	$ 295,861
Disaggregation of revenue from contracts with customers				
Revenue at a point in time	$ -	$ 23,433	$ -	$ 23,433
Revenue from the transfer of services over time	271,588		838	272,426
	$ 271,588	$ 23,433	$ 838	$ 295,859

Year ended December 31, 2022	Revenue from computer software services	Other	Total
Revenue from external customer contracts	$ 247,500	$ 1,891	$ 249,391
Disaggregation of revenue from contracts with customers			
Revenue at a point in time	$ 144	$ 558	$ 702
Revenue from the transfer of services over time	247,336	1,333	248,669
	$ 247,480	$ 1,891	$ 249,371

B.Contract assets and liabilities

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

		December 31, 2023		December 31, 2022		At January 1, 2022
Contract assets	$	10,384	$	11,617	$	23,941
Contract liabilities	$	43,341	$	22,143	$	22,290

(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 recognised that was included in the contract liability balance at the beginning of the period				
Advance project payment	$	21,509	$	17,254
Rent in advance				60
	$	21,509	$	17,314

(22).Interest income

		Year ended December 31, 2023		Year ended December 31, 2022
Interest income from bank deposits	$	2,087	$	1,656
Interest income on financial assets at fair value through other comprehensive gains or losses		4,643		
Other Interest income		206		26
	$	6,946	$	1,682

(23).Other income

		Year ended December 31, 2023		Year ended December 31, 2022
Dividend income	$	139,882	$	226,704
Other income, others		22,944		20,536
	$	162,826	$	247,240

(24).Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Unrealized gain on foreign currency exchange, net	$ 894	($ 82,077)
Profit from lease modification	-	350
(Loss) interest in financial assets at fair value through profit or loss	5,786	(5,268)
Loss on disposal of property, plant and equipment	3,044	6,746
Reversal interest of financial assets	25	-
Other losses	(11,047)	(3,024)
	($ 1,298)	($ 83,273)

(25).Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank loans	$ 7,293	$ 9,697
Commercial papers payable	20	72
Imputed interest for deposit	2	4
Other finance expense	512	771
	7,827	10,544
	$ 7,827	$ 10,544

(26).Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Depreciation charges on property, plant and equipment	$ 2,396	$ 3,682
Depreciation charges on right-of-use assets	14,190	13,413
Amortisation charges	13,897	11,876
Employee benefit expense	130,119	131,337
	$ 160,602	$ 160,308

(27).Employee benefit expense

		Year ended December 31, 2023		Year ended December 31, 2022
Wages and salaries	$	108,061	$	111,703
Labor and health insurance fees		9,967		10,179
Pension costs		5,246		5,514
Directors' remuneration		3,180		2,280
Other personnel expenses		3,665		3,941
	$	130,119	$	133,617

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.

(28).Income tax

A.Income tax expense

(a).Components of income tax expense

		Year ended December 31, 2023		Year ended December 31, 2022
Current tax :				
Current tax on profits for the period	$	16,790	$	12,921
Prior year income tax	(	97)		131
Land value increment tax included in		1,236		347
Total current tax		17,929		13,399
Deferred tax :				
Origination and reversal of temporary		20,713	(	2,659)
Total deferred tax		20,713	(	2,659)
Income tax expense	$	38,642	$	10,740

(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	($	11,678)	($	12,855)

B.Reconciliation between income tax 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	$	25,495	$	21,399
Income tax impact of items adjusted in accordance with tax laws		204	(	11,754)
Prior year income tax overestimation	(	97)		131
Land value increment tax included in current tax		1,236		347
Adjustments to deferred income tax assets		86		412
Income tax impact of stock-priced investments		11,718		-
Income tax expense	$	38,642	$	10,740

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 comprehensive income	Exchange difference	December 31
Deferred tax assets :					
- Temporary differences :					
Unused compensated absences payable	$ 352	($ 95)	$ -	-	$ 257
Loss on valuation of financial asses	1,779	-	(1,187)	-	592
Provisions for liabilities - onerous contracts	23	(23)	-	-	-
Impairment Loss	13,011	(2,462)	-	-	10,549
Exchange loss	2,570	433		-	3,003
Tax losses	135,675	(29,929)	-	-	105,746
Subtotal	153,410	(32,076)	(1,187)	-	120,147
Deferred tax liabilities :					
Unrealized exchange gain	(10)	-	-	-	(10)
Financial asset valuation benefits	-	-	(10,491)	43	(10,448)
Foreign subsidiaries have not realized investment benefits	(42,652)	10,001	-	-	(32,651)
Reserve for land value increment tax	(76,450)	198	-		(76,252)
Acquisition of subsidiary intangible assets	(6,287)	1,164	-		(5,123)
Subtotal	(125,399)	11,363	(10,491)	43	(124,484)
Total	($ 28,011)	($ 20,713)	($ 11,678)	$ 43	($ 4,337)

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets：				
- Temporary differences：				
Unused compensated absences payable	$ 463	($ 111)	$ -	$ 352
Loss on valuation of financial asses	14,634	-	(12,855)	1,779
Provisions for liabilities - onerous contracts	132	(109)	-	23
Impairment Loss	13,016	(5)	-	13,011
Exchange loss	-	2,570		2,570
Tax losses	136,220	(545)	-	135,675
Subtotal	164,465	1,800	(12,855)	153,410
Deferred tax liabilities：				
Unrealized exchange gain	(13)	3	-	(10)
Equity method unrealized investment gains	(42,354)	(298)	-	(42,652)
Reserve for land value increment tax	(76,439)	(11)	-	(76,450)
Acquisition of subsidiary intangible assets	(7,452)	1,165	-	(6,287)
Subtotal	(126,258)	859	-	(125,399)
Total	$ 38,207	$ 2,659	($ 12,855)	$ 28,011

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

	Year ended December 31, 2023			
Year of occurrence	Declared	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2016	369,764	304,850	-	2026
2019	127,568	127,568	-	2029
2021	652,797	640,259	543,947	2031
2023	8,006	8,006	8,006	2033
	$ 1,158,135	$ 1,080,683	$ 551,953	

		Year ended December 31, 2022		
Year of occurrence	Declared	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2014	$ 71,347	$ 71,347	$ -	2024
2015	12,970	12,970	-	2025
2016	369,764	369,764	-	2026
2019	127,568	97,692	-	2029
2020	1,921	352	-	2030
2021	738,227	738,227	610,366	2031
2022	1,259	1,259	1,259	2032
	$ 1,323,056	$ 1,291,611	$ 611,625	

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 13,911	$ 15,668

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 and 2020 have been assessed as approved by the Tax Authority.

(29).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 for the current period attributable to the parent company’ s ordinary shareholders	$ 95,103	185,342	$ 0.51
Diluted earnings per share8			
Net profit for the current period attributable to the parent company’ s ordinary shareholders	$ 95,103	185,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	63	
Net profit for the current period attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares	$ 95,103	185,405	$ 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)
Basic earnings per share			
Net profit for the current period attributable to the parent company’ s ordinary shareholders	$ 94,462	185,342	$ 0.51
Diluted earnings per share			
Net profit for the current period attributable to the parent company’ s ordinary shareholders	$ 94,462	185,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	61	
Net profit for the current period attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares	$ 94,462	185,403	$ 0.51

(30).Changes in liabilities from financing activities

	2023					
	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	$ -	$ -	$ 578,307	$ 1,088	$ 40,292	$ 619,687
Changes in cash flow from financing activities	40,000	19,985	11,677	(515)	(14,295)	56,852
Impact of exchange rate changes	-	-	(5,837)	-	-	(5,837)
Changes in other non-cash item	-	-	1,076	-	745	1,821
December 31	$ 40,000	$ 19,985	$ 585,223	$ 573	$ 26,742	$ 672,523

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

7 。RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Group
Chin Fung Industrial Co., Ltd.	Other related party (Dissolution and liquidation)
Grandcheer Construction Corporation	Other related party (Dissolution and liquidation)
Hemisphere Industries Corp.	Other related party
Luo Sheng Fong Co., Ltd.	Other related party
Luo Shengtai Co., Ltd.	Other related party

(2).Significant related party transactions and balances

		Year ended December 31, 2023		Year ended December 31, 2022
A. Operating revenue				
Other operating revenue				
Hemisphere Industries Corp.	$	229	$	229
Luo Sheng Fong Co., Ltd.		114		114
Luo Shengtai Co., Ltd.		114		114
	$	457	$	457

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

E. Contract liabilities

		December 31, 2023		December 31, 2022
Luo Sheng Fong Co., Ltd.	$	29	$	30
Luo Shengtai Co., Ltd.		28		30
	$	57	$	60

(3).Key management compensation

		Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	$	19,287	26,847
Post-employment benefits		354	378
Total	$	19,641	27,225

8 ◦ PLEDGED ASSETS

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

Pledged assets		Book value December 31, 2023		Book value December 31, 2022	Purpose
Inventories - Real property for sale		49,042		72,245	Loan guarantee
Property, plant and equipment		7,384		1,506	〃
Financial assets at fair value through other comprehensive income-noncurrent		1,617,472		1,533,548	〃
Refundable deposits		15,000		5,000	Business margin
〃		6,740		6,430	Contracting projects
〃		1,605		810	Operating lease
	$	1,697,243	$	1,619,539	

9 ◦ SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

(1).Contingencies

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

The arbitral tribunal held a substantive hearing on July 28, 2022, at the Chinese Arbitration Association in Taipei (2021 Zhong-Sheng-He-Zi No. 053), and the arbitral tribunal decided that Decathlon shall demand that the Group pay the $1,770 in overcharged electricity charges from January to July 2017 as well as interest at a rate of 5% per year calculated up until the settlement date. According to the arbitral tribunal's decision, the Group estimated on September 30, 2022 to pay $1,770 for the overpaid electricity fee. The above compensation was paid on October 26, 2023. The fact that Decathlon persisted in refusing to settle the unpaid balance indicated that it had no intention of observing the arbitration award. Therefore, in accordance with the arbitration agreement reached during the aforementioned arbitration process, the Group demanded payment from Decathlon in a second arbitration that was filed with the Chinese Arbitration Association, Taipei, on November 9, 2022. The total amount owed by the arbitration is $6,012 after adding interest of $1,821 at a rate of 5% annually from November 9, 2022, to the date of settlement. This sum represents the discrepancy between the $7,833 rent payment and the overcharged electricity fee plus interest. This case was judged by the Arbitration Association No. 111 Zhongsheng Xiaozi No. 052 Arbitration Tribunal on September 5, 2023. After review, the arbitral tribunal considered that the case had no jurisdiction and dismissed it without further review. The Group continues to seek the possibility of reconciliation or Litigation to protect group interests.

(2).Commitments

None.

１０。SIGNIFICANT DISASTER LOSS

None.

１１。SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

１２。OTHERS

(1).Capital management

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

(2).Financial instruments

A. Financial instruments by category

		December 31, 2023		December 31, 2022
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	81,165	$	15,638
Financial assets at fair value through other comprehensive income				
Designation of equity instrument		2,970,303		3,044,936
Qualifying debt instrument investment		235,517		-
Cash and cash equivalents		233,146		311,144
Financial assets at amortized cost		20,990		19,000
Contract assets		10,384		11,617
Accounts receivable		28,053		21,637
Other receivables		58,934		55,648
Guarantee deposits paid		82,885		55,529
	$	3,721,377	$	3,535,149

		December 31, 2023		December 31, 2022
Financial liabilities				
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				
Contract liabilities		43,341		22,143
Notes payable		-		24
Accounts payable		6,201		7,743
Other payables		110,640		38,865
Long-term liabilities - current portion		585,223		578,307
Guarantee deposits received		573		1,088
	$	802,761	$	648,170
Lease liabilities	$	26,742	$	40,292

B.Financial risk management policies

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

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

C.Significant financial risks and degrees of financial risks

(a).Market risk

<u>Foreign exchange risk</u>

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

Ⅱ.The aggregate amounts of all exchange gains and losses (including realized and unrealised) recognized in the Group's monetary items in 2023 and 2022 were $894 and ($82,077) respectively due to the significant impact of exchange rate fluctuations.

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

(Foreign currency: functional currency)	December 31, 2023				
		Foreign currency amount	Exchange rate		Book value(NTD)
Financial assets					
Monetary items					
USD：NTD	$	2,298	30.705	$	71,881
HKD：USD		1,018	3.929		4,000
Non-monetary items					
USD：NTD	$	8,034	30.705	$	246,440
HKD：NTD		162,028	3.929		636,608
HKD：USD		450,531	7.815		1,819,817
Financial liabilities					
Monetary items					
USD：NTD	$	9,429	30.705	$	289,528
JPY：NTD		922,077	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)
Financial assets					
Monetary items					
USD：NTD	$	2	30.710	$	61
HKD：USD		853	3.938		3,359
Non-monetary items					
HKD：NTD		303,854	3.938		1,196,577
HKD：USD		342,330	3.938		1,348,096
Financial liabilities					
Monetary items					
JPY：NTD		1,705,956	0.232		396,464
CHF：NTD		5,062	33.205		168,077

Ⅳ 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
Financial assets			
onetary items			
USD：NTD	1.00%	$ 719	$ -
HKD：USD	1.00%	40	-
Non-monetary items			
USD：NTD	1.00%	$ -	$ 2,464
HKD：USD	1.00%	-	6,366
Financial liabilities			
Monetary items			
USD：NTD	1.00%	$ 2,895	$ -
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
Financial assets			
onetary items			
USD：NTD	1.00%	$ 1	$ -
HKD：USD	1.00%	34	-
Non-monetary items			
USD：NTD	1.00%	-	13,481
HKD：NTD	1.00%	-	11,966
Financial liabilities			
Monetary items			
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 Group is exposed to the price risk of equity instruments as a result of its equity instrument holdings. The Group’s investments in equity instruments are recorded as financial assets measured at fair value through profit or loss and other comprehensive income, respectively, in the consolidated financial statements. The price of the Group’s main investment in these equity instruments will be impacted by uncertainty regarding the investment’s future value. If the price of equity instruments increased or decreased by 1% while all other factors remained constant, after-tax profit and loss for 2022 and 2021 increased or decreased by $89 and $72, 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$24,884 and $25,355, respectively.

Cash flow and fair value interest rate risk

Ⅰ.The Group's interest rate risk is mainly derived from long-term borrowings issued at floating interest rates, which exposes the Group to cash flow interest rate risk.

Ⅱ.The Group's borrowings are measured at amortized cost and are subject to annual repricing in accordance with the contract, so the Group is exposed to the risk of future market interest rate fluctuations.

Ⅲ.When the interest rate of 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 $4,682 and $4,517 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 Group manages it credit risk based on a Group - oriented system. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer' s credit risk and conduct credit risk management. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.

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

Ⅳ.The indicators used by the Group to determine the credit impairment of investments in debt instruments are as follows:

(a).The issuer may experience significant financial difficulties or enter bankruptcy or other financial restructuring.

(b).The issuer has lost access to the active market for the financial asset due to financial difficulties.

(c).The issuer deferred or non-payment of interest or principal.

(d).Adverse changes in national or regional economic conditions leading to the issuer's default.

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

VI. The Group used the forecastability to adjust historical, timely information, accounts receivable, and overdue receivables. As of December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due	Less than 30 days	31~90 days	91~180 days	More than 181 days	Total
December 31, 2023						
Expected loss rate	0.00%<0.01%	0.00%~0.01%	6.44%	21.41%	100%	
Total book value	$ 36,000	$ 1,265	$ -	$ 1,500	724	$ 39,48
Loss allowance	$ 6	$ -	$ -	$ 322	724	$ 1,052

	Not past due		Less than 30 days		31~90 days		91~180 days	More than 181 days		Total
December 31, 2022										
Expected loss rate	0.00%<0.01%		15.60%		16.68%		0%	100%		
Total book value	$	32,825	$	67	$	567	$ -	-	$	33,459
Loss allowance	$	100	$	10	$	95	$ -	-	$	205

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

	2023		2022
At January 1	$ 205	$	392
Provision for impairment	847	(	187)
At December 31	$ 1,052	$	205

(c).Liquidity risk

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

Ⅱ. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group’s position held in money market were NT$150,684 and NT$308,730.

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	$	1,046,504	$	936,995
Over 5 years		341,021		97,932
	$	1,387,525	$	1,034,927

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

		Less than 1 year		Over 1 year
Non-derivative financial liabilities				
December 31, 2023				
Short-term loans	$	40,062	$	-
Short-term bills payable		20,000		-
Contract liabilities		43,341		-
Notes, accounts payable		6,201		-
Other payables		120,423		-
Lease liabilities		14,766		12,334
Long-term loans (including current portion)		-		585,223

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

(3).Fair value estimation

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. 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 group'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	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 8,940	$ -	$ -	$ 8,940
Derivative instruments	12,119	-	-	12,119
Structured Notes	60,106	-		60,106
Financial assets at fair value through other comprehensive income				
Equity securities	1,807,015	-	1,163,288	2,970,303
Debt securities	235,517	-		235,517
Total	$ 2,123,697	$ -	$ 1,163,288	$ 3,286,985
Liabilities				
Recurring fair value measurements				
Financial liabilities measured at fair value through profit or loss				
Securities lending transaction	$ 56,783	$ -	$ -	$ 56,783

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

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

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

	Listed shares	Corporate bonds
Market quoted price	Closing price	Weighted average price of 100 yuan

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:

	Equity Securities-Unlisted shares	
	2023	2022
At January 1	$ 1,375,254	$ 1,206,054
Gains and losses recognised in other comprehensive income	(214,925)	83,703
Effect of exchange rate changes	2,959	124,846
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	(39,349)
At December 31	$ 1,163,288	$ 1,375,254

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

G.The Group's evaluation process for fair value classification in Tier 3 entrusts an external valuation firm to conduct independent fair value verification 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	$	1,150,860	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
		12,428	Net asset value	〃	The higher the control and discount for lack of control, the lower the fair value
	$	1,163,288			

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

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

	Input	Change	December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument						
Unlisted shares	discount for lack of marketability	±1%	$ -	$ -	$ 12,232	($ 12,228)

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

１３．SUPPLEMENTARY DISCLOSURES

(1).Significant transactions information

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

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

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

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

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

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

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

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

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

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

(2).Information on investees

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

(3).Information on investments in Mainland China

A.Basic information: None.

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

(4).Information of major shareholder

Information of major shareholder: Please refer to table 6

１４、SEGMENT INFORMATION

(1).General information

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

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

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

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

D. Digital Technology department: Information Software Services.

(2).Measurement of segment information

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

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

(3).Segment information

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

Year ended December 31, 2023	Kwong Fong Department	Pao Fong Asset Management Department	Kwong Fong Holdings Department	Digital Technology Department	Adjustments and written-off	Total
Revenue：						
Revenue from external customers	$ 458	$ 23,630	$ -	$ 271,771	$ -	$ 295,859
Revenue from internal customers	-	-	-	13,329	(13,329)	-
Segment revenue	$ 458	$ 23,630	-	$ 285,100	($ 13,329)	$ 295,859
Segment profit (loss)(Note)	$ 69,760	($ 31,327)	$ 48,627	$ 49,306	($ 10,779)	$ 125,587
Share of income (loss) of associates and joint ventures accounted for using equity method	32,631	-	-	-	(32,631)	-
Depreciation and amortisation	(7,288)	(92)	-	(17,865)	(5,239)	(30,484)
Segment profit (loss)	95,103	(31,419)	48,627	31,441	(48,649)	95,103
Segment assets	$ 4,036,612	$ 875,616	$ 1,833,966	$ 217,630	($ 2,370,382)	$ 4,593,442
Segment liabilities	$ 542,258	$ 84,437	$ 292,477	$ 108,548	$ 2,368	$ 1,030,088

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

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

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

(4).Reconciliation for segment income (loss)

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

The profit and loss of department portals in 2023 and 2022 of the Republic of China and the profit and loss before deduction of subsequent business departments are adjusted as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable Segment Profit and Loss	($ 12,005)	($ 48,109)
Non-operating income and expenses	160,647	155,105
Continuing operations profit (loss) before income tax	$ 148,642	$ 106,996

(5).Information on products and services

The main sources of income for external clients include revenue from information software services, booths, labor, leases, and construction. Income breakdown is provided in Note 6 (21).

(6).Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows :

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
台灣 Taiwan	$ 295,859	$ 3,315,574	$ 249,391	$ 3,198,158

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

(7).Major customer information

The following is a summary of the Group’ s major clients in 2023 and 2022.

		Year ended December 31, 2023 Revenue Digital Technology Department		Year ended December 31, 2022 Revenue Pao Fong Asset Management Department
甲公司 A	$	137,474	$	64,539

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

Table 1 Expressed in thousands of TWD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Kwong Fong Industries Corporation	Mdbs Digital Technology Co., Ltd.	Other receivables	Yes	$ 100,000	$ -	$ 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 and Subsidiaries
Provision of endorsements and guarantees to otherS
January 1, 2023-June 30, 2023

Table 2 Expressed in thousands of TWD

Number (Note 1)	Endorser / Guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarntees 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-June 30, 2023

Table 3 Expressed in thousands of shares/thousands of TWD

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2023				Footnote (Note 4)
				Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
Kwong Fong Industries Corporation	Shin hua wool spinning co., ltd.		Financial asset measured at fair value through other comprehensive income - noncurrent	437	$ 10,339	15.17%	$ 10,339	
	Lian An Health Business Co., Ltd.			401	19,956	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 Limitd	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
	Barclays PLC 7.385% 22/28				49,183		49,183	
Pao Fong Asset Management Co., Ltd.	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	
Mdbs 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 45,000 thousand shares was pledged to financial institutions for financing loans.

Note 5: The provision of 35,800 thousand shares was pledged to financial institutions for financing loans.

Note 6: The provision of 10,800 thousand shares was pledged to financial institutions for financing loans.

Note 7: The provision of 7,300 thousand shares was pledged to financial institutions for financing loans.

Note 8: The provision of 1,700 thousand shares was pledged to financial institutions for financing loans.

Note 9: The provision of 401 thousand shares was pledged to financial institutions for financing loans.

Note 10: The provision of 3,300 thousand shares was pledged to financial institutions for financing loans.

Note 11: The provision of 1,115 thousand shares was pledged to financial institutions for financing loans.

Note 12: The provision of 505 thousand shares was pledged to financial institutions for financing loans.

Kwong Fong Industries Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1, 2023-June 30, 2023

Table 4

Expressed in thousands of shares/thousands of TWD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
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 and Subsidiaries
Information on investees (not including investee company of Mainland China)
January 1, 2023-June 30, 2023

Table 5

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

Investor	Investee (Note 1、Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2022			Net profit (loss) of the investee For the year ended December 31, 2021 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2(3))	Footnote
				Balance as of December 31, 2022	Balance as of December 31, 2021	Number of shares	Owner ship (%)	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)	〃
〃	Mdbs Digital Technology Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da' an Dist., Taipei City 106, Taiwan	Information software service industry	60,000	60,000	1,612	51%	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	2,169	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 and Subsidiaries
Major shareholders information
January 1, 2023-June 30, 2023

Table 6

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