

**KWONG FONG INDUSTRIES CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS'REPORT
JUNE 30 , 2024 AND 2023**

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE
To the Board of Directors and Shareholders of Kwong Fong Industries Corporation Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Fong Industries Corporation and its subsidiaries (collectively referred herein as the "Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Lai, Chung-Hsi Chih, Ping-Chiun
For and on behalf of Pricewaterhouse Coopers, Taiwan
August 13, , 2024

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2024 and December 31, June 30, 2023

(In Thousands of New Taiwan Dollars)

ASSETS			June 30,2024		December 31,2023		June 30,2023	
			Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$ 208,713	4	\$ 233,146	5	\$ 268,802	6
1110	Financial assets at fair value through profit or loss - current	6(2)	174,530	3	81,165	2	76,734	2
1136	Financial assets at amortized cost - current	6(4)	11,500	-	15,990	-	20,990	-
1140	Contract assets- current	6(20)	8,138	-	10,384	-	8,092	-
1170	Accounts receivable, net	6(5)	28,247	1	28,053	1	25,837	1
1200	Other receivables		20,871	1	58,934	1	10,011	-
1220	Income tax assets		4,212	-	4,190	-	253	-
130X	Inventories	6(6) and 8	629,621	12	629,621	14	629,621	14
1410	Prepayments		7,439	-	8,320	-	7,812	-
1470	Other current assets		69	-	33	-	115	-
11XX	Total current assets		1,093,340	21	1,069,836	23	1,048,267	23
NONCURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	152,070	3	-	-	--	
1517	Financial assets at fair value through other comprehensive income-noncurrent	6(3) and 8	3,731,642	72	3,205,820	70	3,243,910	70
1535	Non-current financial assets measured at amortized cost	6(4)	5,000	-	5,000	-	-	-
1600	Property, plant and equipment	6(7) and 8	15,127	-	16,180	-	34,687	1
1755	Right-of-use assets	6(8) and 8	19,206	-	25,960	1	33,048	1
1780	Intangible assets	6(9) and 8	66,153	1	67,614	1	73,323	1
1840	Deferred income tax assets	6(27)	104,059	2	120,147	3	136,653	3
1900	Other noncurrent assets	6(10) and 8	26,784	1	82,885	2	57,280	1
15XX	Total noncurrent assets		4,120,041	79	3,523,606	77	3,578,901	77
1XXX	Total assets		\$ 5,213,381	100	\$ 4,593,442	100	\$ 4,627,168	100

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2024 and December 31, June 30, 2023

(In Thousands of New Taiwan Dollars)

	LIABILITIES AND EQUITY	Notes	June 30,2024		December 31,2023		June 30,2023	
			Amount	%	Amount	%	Amount	%%
	Current Liabilities							
2100	Short-term loans	6(11) and 8	\$ 120,000	2	\$ 40,000	1	\$ -	-
2110	Short-term bills payable	6(12) and 8	144,942	3	19,985	-	-	-
2120	Current financial liabilities measured at fair value through profit or loss	6(13)	-	-	56,783	1	-	-
2130	Current contract liabilities	6(20) and 7	46,345	1	43,341	1	31,685	1
2150	Notes payable		29	-	-	-	-	-
2170	Accounts payable		4,410	-	6,201	-	6,578	-
2219	Other payables		132,574	3	120,423	3	131,013	3
2230	Income tax payable		2,358	-	4,598	-	2,144	-
2280	Lease liabilities-Current		14,469	-	14,492	-	14,389	-
2399	Other current liabilities		2,159	-	1,735	-	1,695	-
21XX	Total current liabilities		<u>467,286</u>	<u>9</u>	<u>307,558</u>	<u>6</u>	<u>187,504</u>	<u>4</u>
	Noncurrent liabilities							
2540	Long-term bank loans	6(14) and 8	555,810	11	585,223	13	548,109	12
2570	Deferred income tax liabilities		206,850	4	124,484	3	144,138	3
2580	Non-current lease liabilities		5,389	-	12,250	-	19,522	-
2600	Other noncurrent liabilities		573	-	573	-	573	-
25XX	Total noncurrent liabilities		<u>768,622</u>	<u>15</u>	<u>722,530</u>	<u>16</u>	<u>712,342</u>	<u>15</u>
2XXX	Total liabilities		<u>1,235,908</u>	<u>24</u>	<u>1,030,088</u>	<u>22</u>	<u>899,846</u>	<u>19</u>
	EQUITY							
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
	Capital	6(16)						
3110	Capital stock		1,853,422	36	1,853,422	40	1,853,422	40
	Capital surplus	6(17)						
3200	Capital surplus		50,076	1	50,079	1	50,079	1
	Retained earnings	6(18)						
3310	Appropriated as legal capital reserve		425,230	8	415,698	9	415,698	9
3320	Appropriated as special capital reserve		76,252	1	76,252	2	76,450	2
3350	Unappropriated earnings		910,695	18	933,428	20	838,241	18
	Other equity interest	6(19)						
3400	Other equity interest		594,897	11	165,475	4	428,532	9
31XX	Equity attributable to shareholders of the parent		<u>3,910,572</u>	<u>75</u>	<u>3,494,354</u>	<u>76</u>	<u>3,662,422</u>	<u>79</u>
36XX	NON-CONTROLLING INTERESTS		<u>66,901</u>	<u>1</u>	<u>69,000</u>	<u>2</u>	<u>64,900</u>	<u>2</u>
3XXX	Total equity		<u>3,977,473</u>	<u>76</u>	<u>3,563,354</u>	<u>78</u>	<u>3,727,322</u>	<u>81</u>
	Significant Contingent Liabilities And Unrecognized Contract Commitments Significant Events After The Balance Sheet Date	9 and 11						
3X2X	Total liabilities and equity		<u>\$ 5,213,381</u>	<u>100</u>	<u>\$ 4,593,442</u>	<u>100</u>	<u>\$ 4,627,168</u>	<u>100</u>

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Six Months Ended June 30 ,2024 AND 2023

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

Items	Notes	April 1, 2024 until June 30		April 1, 2023 until June 30		January 1, 2024 until June 30		January 1, 2023 until June 30	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Net revenue	6(20) and 7	\$ 76,222	100	\$ 63,124	100	\$ 155,330	100	\$ 142,354	100
5000 Cost of revenue	6(25)(26)	(48,310)	(63)	(38,191)	(61)	(97,438)	(63)	(93,348)	(65)
5900 Gross profit		<u>27,912</u>	<u>37</u>	<u>24,933</u>	<u>39</u>	<u>57,892</u>	<u>37</u>	<u>49,006</u>	<u>35</u>
Operating expenses	6(25)(26)								
6100 Selling expenses		(424)	(1)	(419)	(-)	(752)	(-)	(1,599)	(1)
6200 General and administrative		(27,803)	(36)	(29,532)	(47)	(54,547)	(35)	(56,649)	(40)
6450 Expected credit loss (gain)	12(2)	(608)	(1)	<u>77</u>	-	<u>100</u>	-	(63)	-
6000 Total operating expenses		(28,835)	(38)	(29,874)	(47)	(55,199)	(35)	(58,311)	(41)
6900 Income(Loss) from operations		(923)	(1)	(4,941)	(8)	<u>2,693</u>	<u>2</u>	(9,305)	(6)
Non-operating income and expenses									
7100 Interest income	6(21)	6,229	8	555	1	11,996	8	1,201	1
7010 Other income	6(22)	40,983	54	10,126	16	43,117	28	10,223	7
7020 Other gains and losses, net	6(23)	25,363	33	18,125	29	59,928	38	28,243	20
7050 Finance costs	6(24)	(3,014)	(4)	(1,919)	(3)	(5,769)	(4)	(3,613)	(3)
7000 Total non-operating income and expenses		<u>69,561</u>	<u>91</u>	<u>26,887</u>	<u>43</u>	<u>109,272</u>	<u>70</u>	<u>36,054</u>	<u>25</u>
7900 Profit before income tax		<u>68,638</u>	<u>90</u>	<u>21,946</u>	<u>35</u>	<u>111,965</u>	<u>72</u>	<u>26,749</u>	<u>19</u>
7950 Income tax expense	6(27)	(11,193)	(15)	(16,513)	(26)	(20,928)	(13)	(22,289)	(16)
8200 Profit for the year		<u>\$ 57,445</u>	<u>75</u>	<u>\$ 5,433</u>	<u>9</u>	<u>\$ 91,037</u>	<u>59</u>	<u>\$ 4,460</u>	<u>3</u>
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)	\$ 244,885	321	\$ 121,768	193	\$ 410,488	264	\$ 126,861	89
8349 Income tax benefit (expense) related to items that will not be reclassified subsequently	6(27)	(43,101)	(56)	(3,417)	(6)	(80,147)	(52)	(16,936)	(12)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>201,784</u>	<u>265</u>	<u>118,351</u>	<u>187</u>	<u>330,341</u>	<u>212</u>	<u>109,925</u>	<u>77</u>

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Six Months Ended June 30 ,2024 AND 2023

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

Items that may be reclassified subsequently to profit or loss:									
8361	Exchange differences arising on translation of foreign operations	6(19)							
			24,933	32	39,688	63	91,747	59	28,054
8367	Net unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)							
			550	1	-		9,404	6	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6(27)							
			(110)	-	-	(2,070)	(1)	-	-
8360	Total items that will be reclassified to profit or loss subsequently		25,373	33	39,688	20	99,081	64	28,054
8300	Other comprehensive income (loss), net of income tax		<u>\$ 227,157</u>	<u>298</u>	<u>\$ 158,039</u>	<u>250</u>	<u>\$ 429,422</u>	<u>276</u>	<u>\$ 137,979</u>
8500	Total comprehensive income for the year		<u>\$ 284,602</u>	<u>373</u>	<u>\$ 163,472</u>	<u>259</u>	<u>\$ 520,459</u>	<u>335</u>	<u>\$ 142,439</u>
Profit attributable to:									
8610	Shareholders of the parent		\$ 51,555	67	\$ 1,812	3	\$ 79,470	51	\$ 114
8620	Non-controlling interests		5,890	8	3,621	6	11,567	8	4,346
	TOTAL		<u>\$ 57,445</u>	<u>75</u>	<u>\$ 5,433</u>	<u>9</u>	<u>\$ 91,037</u>	<u>59</u>	<u>\$ 4,460</u>
Comprehensive income attributable to:									
8710	Shareholders of the parent		\$ 278,712	365	\$ 159,851	253	\$ 508,892	328	\$ 138,093
8720	Non-controlling interest		5,890	8	3,621	6	11,567	7	4,346
	Total		<u>\$ 284,602</u>	<u>373</u>	<u>\$ 163,472</u>	<u>259</u>	<u>\$ 520,459</u>	<u>335</u>	<u>\$ 142,439</u>
Earnings per share									
9750	<u>Basic earnings per share</u>	6(28)	<u>\$ 0.28</u>		<u>\$ 0.01</u>		<u>\$ 0.43</u>		<u>\$ 0.00</u>
9850	<u>Diluted earnings per share</u>		<u>\$ 0.28</u>		<u>\$ 0.01</u>		<u>\$ 0.43</u>		<u>\$ 0.00</u>

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six Months Ended June 30 ,2024 AND 2023

(In Thousands of New Taiwan Dollars)

Equity Attributable to Shareholders of the Parent										
Retained Earnings						Others		Total	Non-controlling Interests	Total Equity
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			
January to June 2023										
	\$ 1,853,422	\$ 43,767	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670	\$ 66,419	\$ 3,677,089
Balance at January 1, 2023										
Profit for the year(loss)	-	-	-	-	114	-	-	114	4,346	4,460
Other comprehensive income (loss) for6(19) the year	-	-	-	-	-	28,054	109,925	137,979	-	137,979
Total comprehensive income (loss)	-	-	-	-	114	28,054	109,925	138,093	4,346	142,439
Appropriation of 2022 earnings										
Legal reserve 6(18)	-	-	9,393	-	(9,393)	-	-	-	-	-
Cash dividends to shareholders 6(18)	-	-	-	-	(92,671)	-	-	(92,671)	-	(92,671)
Dividends unclaimed by shareholders with claim period elapsed 6(17)	-	6,312	-	-	-	-	-	6,312	-	6,312
Adjustments to share of changes in equity of associates and joint ventures	-	-	-	-	(179)	-	-	(179)	-	(179)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(5,865)	(5,865)
Balance at June 30, 2023	\$ 1,853,422	\$ 50,079	\$ 415,698	\$ 76,450	\$ 838,241	\$ 160,450	\$ 268,082	\$ 3,662,422	\$ 64,900	\$ 3,727,322
January to June 2024										
Balance at January 1, 2024	\$ 1,853,422	\$ 50,079	\$ 415,698	\$ 76,252	\$ 933,428	\$ 139,473	\$ 26,002	\$ 3,494,354	\$ 69,000	\$ 3,563,354
Profit for the year	-	-	-	-	79,470	-	-	79,470	11,567	91,037
Other comprehensive income (loss) for6(19) the year	-	-	-	-	-	91,747	337,675	429,423	-	429,422
Total comprehensive income (loss)	-	-	-	-	79,470	91,747	337,675	508,892	11,567	520,459
Legal reserve			9,532		(9,532)					
Cash dividends to shareholders					(92,671)			(92,671)		(92,671)
Dividends paid to Expired unclaimed 6(17)	-	(3)	-	-	-	-	-	(3)	-	(3)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(13,666)	(13,666)
Balance at June 30, 2024	\$ 1,853,422	\$ 50,076	\$ 425,230	\$ 76,252	\$ 910,695	\$ 231,220	\$ 363,677	\$ 3,910,572	\$ 66,901	\$ 3,977,473

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

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended June 30 ,2024 AND 2023

(In Thousands of New Taiwan Dollars)

	Notes	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 111,965	\$ 26,749
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	8,251	8,460
Amortization expense	6(25)	6,070	6,232
Expected credit losses recognized on investments in debt instruments		(100)	63
Net gain on financial assets at fair value through profit or loss	6(23)	(9,757)	(3,346)
Interest expense	6(24)	5,769	3,613
Interest income	6(21)	(11,996)	(1,201)
Dividend income	6(22)	(42,743)	(10,145)
liquidation loss	6(23)		37
Loss (gain) on disposal or retirement of property, plant and equipment, net	6(23)		(631)
Financial assets Gain on reversal of impairment loss	6(23)	(5)	(10)
Reversal of write-down of inventories	6(6)	-	(21,373)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Contract assets		2,246	3,525
Accounts receivable		(94)	(4,263)
Other receivables		(12,622)	49,015
Inventories			39,158
Prepayments		845	(3,934)
Changes in operating liabilities			
Contract liabilities		3,003	9,542
Notes payable		29	(24)
Accounts payable		(1,790)	(1,165)
Other payables		(81,095)	(369)
Other current liabilities		424	(622)
Provision			(114)
Cash (out)inflow generated from operations		(21,600)	99,197
Interest received		10,875	1,020
Cash dividend received		39,243	2,999
Interest paid		(5,194)	(3,767)
Income tax paid		(6,930)	(2,040)
Net cash generated by operating activities		16,394	97,409

KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	Notes	January 1, 2024- June 30, 2024	January 1, 2023- June 30, 2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 106,750)	(\$ 39,702)
Disposal of financial assets at fair value through other comprehensive income		820	
Proceeds from sale of financial assets at amortized cost		-	(1,990)
Disposal of financial assets at amortized cost		4,490	-
Acquisition of financial instruments at fair value through profit or loss		(2,879,837)	(1,477,170)
Disposal of financial instruments at fair value through profit or loss		2,658,327	1,435,929
Acquisition of property, plant and equipment		-	(789)
Disposal of property, plant and equipment			1,144
Acquisition of intangible assets		(4,609)	(5,160)
Increase in refundable deposits paid		(25,784)	(21,191)
Decrease in refundable deposits paid		69,367	2,370
Decrease in other non-current assets			3,654
Refund of investment upon company liquidation		1,021	
Net cash generated by (used in) investing activities		(282,955)	(102,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		491,010	-
Decrease in short-term loans		(411,010)	-
Increase in short-term bills payable		868,858	-
Decrease in short-term bills payable		(743,901)	
Proceeds from long-term bank loans			18,678
Repayment of long-term bank loans		(29,413)	(21,385)
Decrease current financial liabilities measured at fair value through profit or loss		(4,143)	
Cash dividends			(3,006)
Decrease in guarantee deposits received	6(29)	-	(515)
Repayment of the principal portion of lease liabilities	6(29)	(7,328)	(7,126)
Transfer of overdue dividends to capital surplus	6(17)		6,312
Expired unclaimed dividends transferred to capital surplus	6(17)	(3)	
Non-controlling interest changes - cash dividend distribution		(13,849)	
Net cash generated by (used in) financing activities		150,221	(7,042)
Effect of exchange rate changes		91,907	(29,804)
Net increase(decrease) in cash and cash equivalents		(24,433)	(42,342)
Cash and cash equivalents at beginning of year		233,146	311,144
Cash and cash equivalents at end of year		\$ 208,713	\$ 268,802

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 Six months Ended June 30 2024 AND 2023

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

1 ° GENERAL

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

2 ° THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 13, 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 2024 are as follows:

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

(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 2025 are as follows:

<u>New Standards, Interpretations and Amendment</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21 " Lack of Exchangeability "	January 1, 2025

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 :

<u>New Standards, Interpretations and Amendment</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	Pending IASB decision
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Except as described below, upon appraisal by the Group, the standards and interpretations do not have significant impacts on the Group's financial situation or financial performance:

A. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18, Replaces IAS 1, updates the statement of comprehensive income structure, introduces new disclosures for management performance measures, and strengthens aggregation and disaggregation principles for financial statements and notes.

B. IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”

This standard allows eligible subsidiaries to apply IFRS with reduced disclosure requirements.

4 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1).Statement of Compliance

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

(2).Basis of Preparation

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

- (a)Financial assets and financial liabilities 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 :

				Ownership (%)		
	<u>Name of Subsidiary</u>	<u>Main business activities</u>	<u>June 30, 2024</u>	<u>December 31,2023</u>	<u>June 30, 2023</u>	<u>Description</u>
Company	Pao Fong Asset Management Co., Ltd.	Asset Management	100%	100%	100%	-
"	Kwong Fong Holdings Limitd	General investment activities	100%	100%	100%	-
"	Mdbs Digital Technology Co., Ltd.	Service of software	51%	51%	51%	-
"	Galaxy Digital Co., Ltd.	Service of software	51%	51%	51%	-
Galaxy Digital Co., Ltd.	Digital Securities Investment Consultant Co., Ltd.	Securities investment consultant–	100%	100%	100%	-

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.

The Group classifies all assets that do not meet the above conditions as non-current.

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).Does not have the right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group divides all liabilities that do not meet the above conditions into Classified as non-current.

(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 recognized in other comprehensive profit and loss. Impairment losses,

interest income and foreign currency exchange gains and losses before delisting are recognized in profit and loss. At the time of delisting, the accumulated gains or losses previously recognized in other comprehensive profit or loss. Reclassify from equity to profit or loss.

(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 measures it based on its fair value at the time of original recognition, and subsequently uses the effective interest method to recognize interest income and impairment losses during the circulation period according to the amortization procedure, and recognizes its benefits or losses in profit or loss.
- D.The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10).Notes, accounts and receivables

- A.Notes and account receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B.The short-term notes receivable, accounts receivable and other receivables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11).Impairment of financial assets

For debt instruments measured at fair value through other comprehensive

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

(12).Derecognition of financial assets

The company derecognises a financial asset when one of the following conditions is met:

- A.The contractual right to receive cash flows from the financial asset expires.
- B.Transfers the contractual rights to receive cash flows from a financial asset and has transferred substantially all risks and rewards of ownership of the financial asset.
- C.Transfers the contractual rights to receive cash flows from a financial asset without retaining control of the financial asset.

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

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

(14).Inventories

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

estimated cost of goods available for sales and applicable variable selling expenses.

(15).Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

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

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

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

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

(17).Intangible assets

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

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

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

years.

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

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

(18).Impairment of non-financial assets

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

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

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

(19).Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the

proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20).Notes, accounts and payable

A.It refers to debts incurred due to the purchase of goods or services on credit and 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 financial liabilities that are incurred with the main purpose of repurchasing them in the near future and are held for trading except for derivatives that are designated as hedging instruments in accordance with hedging accounting.

B.The Group measures it at fair value when initially recognized, and the relevant transaction costs are recognized in profit or loss. Subsequently, it is measured at fair value, and its benefits or losses are recognized 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 expire.

(23) Non-hedging Derivative Instruments and Embedded Derivative Instruments

A.Non-hedging derivative instruments are initially measured at fair value as of the contract date. They are subsequently measured at fair value through profit or loss, consistent with financial assets or liabilities measured at fair value through profit or loss. Any resulting gains or losses are recognized in the income statement.__

- B. For financial assets that are hybrid contracts with embedded derivatives, their classification at initial recognition is determined based on the terms of the contract. The entire hybrid instrument is classified as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, or financial assets measured at amortized cost.
- C. The embedded derivative in a non-financial asset hybrid contract is assessed at initial recognition according to the terms of the contract to determine whether its economic characteristics and risks are closely related to those of the host contract, thereby deciding on its separation treatment. If closely related, the entire hybrid instrument is accounted for based on its nature using appropriate criteria. If not closely related, the derivative and host contract are separated: the derivative is accounted for separately, and the host contract is accounted for based on its nature using appropriate criteria; or the entire instrument is designated at inception as a financial liability measured at fair value through profit or loss.

(24).Provisions

Provisions for war liability are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation.

Additionally, 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 at the balance sheet date. This amount 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 expected payment amount, which is not discounted, and recognized as an expense when the related services are provided.

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.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(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. Income from sale of real estate

The Group's main business is land development and real estate sales, and revenue is recognized when control of the real estate is transferred to customers. For a signed real estate sales contract, based on the restrictions of the contract terms, the real estate has no other use for the Group until the legal ownership of the real estate is transferred to the customer. , the Group only has enforceable rights over the contract payments, therefore revenue is recognized at the point when legal ownership and control are transferred to the customer.

B. Revenue from information software services

- (a). The Group provides the design, importation, and maintenance of information software and related services. Revenue from services is recognized as income during the period of financial reporting when services are provided to clients. Revenue is recognized in the ratio of services provided accounting for all services that should be provided as of the balance sheet date. The contract price is paid by the client as per the payment schedule established in the contract. A contract asset is recognized when the value of the Group's service exceeds the accounts receivables. A contract liability is recognized when the accounts receivables exceed the Group's service.
- (b). The Group's estimations for revenue, costs and stage of completion are adjusted accordingly. Any variation of estimated revenue or costs arising from change of estimations is reflected in profit or loss in the period when the condition for change of estimation is made known to the management.

(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 Gross or net 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.Have the discretion to set prices for specific goods or services.

(2).Critical accounting estimates and assumptions

A. Goodwill impairment assessment

The process of assessing goodwill impairment relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets, liabilities, and goodwill to the relevant cash-generating units, and determining the recoverable amount of those units. As of June 30, 2024, the Group recognized goodwill amounting to \$32,583.

B.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 \$1,424,379 as of June 30, 2024.

6 ° DETAILS OF SIGNIFICANT ACCOUNTS

(1).Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 1,500	\$ 1,487	\$ 1,516
Checking accounts and demand deposit	167,906	144,419	222,986
Time deposits	<u>39,307</u>	<u>87,240</u>	<u>44,300</u>
Total	<u>\$ 208,712</u>	<u>\$ 233,146</u>	<u>\$ 268,802</u>

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

B.The Group has not pledged cash or cash equivalents.

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

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items : _			
Mandatorily measured at FVTPL			
Listed (TSE) stocks	\$ 91,355	\$ 8,374	\$ 59,892
Derivative financial instruments	14,639	9,692	14,828
Structured Notes	<u>62,540</u>	<u>62,540</u>	<u>-</u>
	168,534	80,606	74,720
Valuation adjustment	<u>5,996</u>	<u>559</u>	<u>2,014</u>
Total	<u>\$ 174,530</u>	<u>\$ 81,165</u>	<u>\$ 76,734</u>
Non-Current items :			
Mandatorily measured at FVTPL			
Preferred stock	\$ 150,000	-	-
Convertible Bonds	<u>106</u>	<u>-</u>	<u>-</u>
	150,106		
Valuation adjustment	<u>1,964</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 152,070</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Mandatorily measured at FVTPL		
Equity instruments	\$ 8,052	\$ 9,749
Debt instruments	1,317	-
Derivative instruments	(3,204)	(12,084)
Hybrid instruments	-	-
Structured Notes	<u>1,128</u>	<u>-</u>
Total	<u>\$ 7,293</u>	<u>(\$ 2,335)</u>

	<u>January 1, 2024- June 30, 2024</u>		<u>January 1, 2023- June 30, 2023</u>	
Mandatorily measured at FVTPL				
Equity instruments	\$	16,818	\$	11,949
Debt instruments		1,972		-
Derivative instruments	(11,049)	(9,255)
Hybrid instruments		21		-
Structured Notes		3,645		-
Total	\$	<u>11,407</u>	\$	<u>2,694</u>

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

	<u>June 30, 2024</u>	
	contract amount	
<u>Derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 14,639</u>	June 26, 2024~ July 17, 2024

	<u>December 31, 2023</u>	
	contract amount	
<u>Derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 9,692</u>	November 15, 2023~ January 17, 2024

	<u>June 30, 2023</u>	
	contract amount	
<u>Derivative financial assets</u>	<u>Nominal principal</u>	<u>Contracts period</u>
Current items :		
Futures trading	<u>\$ 14,828</u>	June 15, 2023~ July 19, 2023

Futures trading

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

On June 30, 2024, December 31, 2023 and June 30, 2023, respectively, the retained margin balances in futures accounts were \$17,778, \$19,765 and \$58,016, while the excess margin balances were \$3,139, \$10,073 and \$43,188.

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

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

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items :			
Debt instruments			
Foreign Bond	\$ 238,637	\$ 239,456	-
Valuation adjustment	7,400	(2,004)	-
Effect of exchange rate changes	<u>867</u>	<u>(1,935)</u>	<u>-</u>
Subtotal	<u>246,904</u>	<u>235,517</u>	<u>-</u>
Equity instruments			
Foreign listed stocks	\$ 1,205,469	\$ 1,205,469	\$ 1,205,469
Foreign unlisted shares			
Hong Kong Fulcrest Limited	1,079,212	1,079,212	1,079,212
Other	16,000	16,000	16,000
Listed (TSE) stocks	570,208	570,201	566,972
Unlisted stocks	9,954	9,954	9,954
Valuation adjustment	445,556	35,068	287,912
Effect of exchange rate changes	<u>158,339</u>	<u>54,399</u>	<u>78,391</u>
Subtotal	<u>3,484,738</u>	<u>2,970,303</u>	<u>3,243,910</u>
Total	<u>\$ 3,731,642</u>	<u>\$ 3,205,820</u>	<u>\$ 3,243,910</u>

A. The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$3,731,642, \$3,205,820 and \$3,243,910 as at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

B. Financial assets measured at fair value through other comprehensive income are recognized in the statement of profit or loss and other comprehensive income as follows:

April 1, 2024- June 30, 2024 April 1, 2023- June 30, 2023

Equity instruments measured at fair value through other comprehensive income

Fair value changes recognized in other comprehensive income	<u>\$ 244,885</u>	<u>\$ 121,768</u>
Dividend income recognized in profit or loss for the current period still held	<u>\$ 40,678</u>	<u>\$ 5,428</u>

Debt instruments measured at fair value through other comprehensive income

Fair value changes recognized in other comprehensive income	<u>\$ 550</u>	<u>\$ -</u>
Interest income recognized in profit or loss	<u>\$ 5,476</u>	<u>\$ -</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	\$ <u>410,488</u>	\$ <u>126,861</u>
Dividend income recognized in profit or loss for the current period still held	\$ <u>42,425</u>	\$ <u>5,428</u>
<u>Debt instruments measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	\$ <u>9,404</u>	\$ <u>-</u>
Interest income recognized in profit or loss	\$ <u>9,246</u>	\$ <u>-</u>

C.The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$3,731,642, NT\$3,205,820 and NT\$3,243,210 for financial assets at fair value through other comprehensive income, as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

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

E.Please refer to Note 12(B) for detailed information on credit risk related to financial assets measured at fair value through other comprehensive income.

(4).Financial assets at amortised cost

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items			
Time within 3 months	\$ 11,500	\$ 15,990	\$ 20,990
Noncurrent items			
Time deposits exceeding 3	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total	<u>\$ 16,500</u>	<u>\$ 20,990</u>	<u>\$ 20,990</u>

A.The details of financial assets measured at amortized cost recognized in profit or loss are as follows:

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2024- June 30, 2023</u>
Interest income	\$ <u>64</u>	\$ <u>47</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2024- June 30, 2023</u>
Interest income	\$ <u>127</u>	\$ <u>99</u>

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

C.As at June 30, 2024, December 31, 2023and June 30, 2023,, 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 \$16,500, \$20,990 and \$20,990 respectively.

(5).Accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 29,199	\$ 29,105	\$ 26,105
Less: Allowance for bad debts	(952)	(1,052)	(268)
	<u>\$ 28,247</u>	<u>\$ 28,053</u>	<u>\$ 25,837</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Not past due	\$ 24,225	\$ 25,616	\$ 23,898
Within 30 days	106	1,265	1,384
31 to 90 days	3,218	-	445
91 to 180 days	-	1,500	378
More than 181 days	<u>1,650</u>	<u>724</u>	<u>-</u>
	<u>\$ 29,199</u>	<u>\$ 29,105</u>	<u>\$ 26,105</u>

The above ageing analysis was based on past due date.

B.As of June 30, 2024, December 31, 2023 and June 30, 2023, the balances of receivables from contracts with customers. At January 1, 2023 amounted to \$ 21,842.

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

(6).Inventories

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Real property for sale	\$ 129,597	\$ 129,597	\$ 129,597
Land held for construction site	<u>500,024</u>	<u>500,024</u>	<u>500,024</u>
Total	<u>\$ 629,621</u>	<u>\$ 629,621</u>	<u>\$ 629,621</u>

A.Real property for sale

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Dazhi Section of Bade City	\$ 17,811	\$ 17,811	\$ 17,811
Tamsui Shulinkou section	219,300	219,300	219,300
Taode Section and Qiancheng Section of Bade City	1,029	1,029	1,029
Taoyuan City Middle Road Section	<u>666</u>	<u>666</u>	<u>666</u>
Subtotal	238,806	238,806	238,806
Less: Allowance for valuation losses	<u>(109,209)</u>	<u>(109,209)</u>	<u>(109,209)</u>
Total	<u>\$ 129,597</u>	<u>\$ 129,597</u>	<u>\$ 129,597</u>

B.Land held for construction site

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Land held for construction site	\$ 509,757	\$ 509,757	\$ 509,757
Less: Allowance for valuation losses	<u>(9,733)</u>	<u>(9,733)</u>	<u>(9,733)</u>
Total	<u>\$ 500,024</u>	<u>\$ 500,024</u>	<u>\$ 500,024</u>

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

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Cost of selling premises	-	-
Inventory Turnover Benefit	-	-
Leases cost	<u>12</u>	<u>12</u>
Total	<u>\$ 12</u>	<u>\$ 12</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Cost of selling premises	\$ -	\$ 39,158
Inventory Turnover Benefit	-	(21,373)
Leases cost	<u>24</u>	<u>24</u>
Total	<u>\$ 24</u>	<u>\$ 17,809</u>

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

(7).Property, plant and equipment

2024

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others equipment</u>	<u>Lease asset</u>	<u>Leasehold Improvements</u>	<u>Total</u>
At January 1							
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)
	<u>\$ 7,713</u>	<u>\$ 3,280</u>	<u>\$ 421</u>	<u>\$ 79</u>	<u>\$ 1,457</u>	<u>\$ 3,230</u>	<u>\$ 16,180</u>
At January 1	\$ 7,713	\$ 3,280	\$ 421	\$ 79	\$ 1,457	\$ 3,230	\$ 16,180
Disposals	-	-	(315)	-	-	(140)	(455)
Accumulated depreciation on disposal date	-	-	315	-	-	140	455
Depreciation	-	(59)	(60)	(25)	(24)	(884)	(1,053)
At June 30	<u>\$ 7,713</u>	<u>\$ 3,221</u>	<u>\$ 361</u>	<u>\$ 54</u>	<u>\$ 1,433</u>	<u>\$ 2,345</u>	<u>\$ 15,127</u>
At June 30	\$ 7,713	\$ 4,628	\$ 5,093	\$ 615	\$ 2,442	\$ 7,231	\$ 27,722
Cost							
Accumulated depreciation	-	(1,407)	(4,732)	(561)	(1,009)	(4,886)	(12,595)
	<u>\$ 7,713</u>	<u>\$ 3,221</u>	<u>\$ 361</u>	<u>\$ 54</u>	<u>\$ 1,433</u>	<u>\$ 2,345</u>	<u>\$ 15,127</u>

2023

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others equipment</u>	<u>Lease asset</u>	<u>Leasehold Improvements</u>	<u>Total</u>
At January 1							
Cost	\$ 22,489	\$ 8,307	\$ 8,510	\$ 615	\$ 2,442	\$ 10,362	\$ 52,725
Accumulated depreciation	-	(1,872)	(7,477)	(485)	(935)	(6,188)	(16,957)
	<u>\$ 22,489</u>	<u>\$ 6,435</u>	<u>\$ 1,033</u>	<u>\$ 130</u>	<u>\$ 1,507</u>	<u>\$ 4,174</u>	<u>\$ 35,768</u>
At January 1	\$ 22,489	\$ 6,435	\$ 1,033	\$ 130	\$ 1,507	\$ 4,174	\$ 35,768
Additions	-	-	190	599	-	-	789
Disposals	(237)	(380)	(3,293)	-	-	(1,639)	(5,549)
Accumulated depreciation on disposal date	-	380	3,017	-	-	1,639	5,036
Reclassifications	-	235	(235)	-	-	-	-
Depreciation	-	(94)	(192)	(75)	(25)	(971)	(1,357)
At June 30	<u>\$ 22,252</u>	<u>\$ 6,576</u>	<u>\$ 520</u>	<u>\$ 654</u>	<u>\$ 1,482</u>	<u>\$ 3,203</u>	<u>\$ 34,687</u>
At June 30	\$ 22,252	\$ 7,927	\$ 5,407	\$ 1,214	\$ 2,442	\$ 8,723	\$ 47,965
Cost							
Accumulated depreciation	-	(1,351)	(4,887)	(560)	(960)	(5,520)	(13,287)
	<u>\$ 22,252</u>	<u>\$ 6,576</u>	<u>\$ 520</u>	<u>\$ 654</u>	<u>\$ 1,482</u>	<u>\$ 3,203</u>	<u>\$ 34,687</u>

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

(8).Leasing arrangements - lessee

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

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>	<u>Carrying Amount</u>
land (parking lot)	\$ 333	\$ -	\$ -
Buildings	17,861	24,611	31,362
Transportation equipment	<u>1,012</u>	<u>1,349</u>	<u>1,686</u>
	<u>\$ 19,206</u>	<u>\$ 25,960</u>	<u>\$ 33,048</u>

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
land (parking lot)	\$ 55	\$ -
Buildings	3,375	3,375
Transportation equipment	<u>168</u>	<u>168</u>
	<u>\$ 3,598</u>	<u>\$ 3,543</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
land (parking lot)	\$ 111	\$ -
Buildings	6,750	6,750
Transportation equipment	<u>337</u>	<u>353</u>
	<u>\$ 7,198</u>	<u>\$ 7,103</u>

D. From January 1 to June 30, 2024 and 2023, the additions to right-of-use assets were \$444 and \$746, respectively.

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

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 80	\$ 129
Expense on short-term lease contracts	104	155
Expense on leases of low-value assets	40	25

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 174	\$ 271
Expense on short-term lease contracts	208	347
Expense on leases of low-value assets	80	52

F.For the three-month periods ended June 30,2024 and 2023, the Group's total cash outflow for leases amounted to \$7,790 and \$7,796, respectively.

(9).Intangible assets

	2024					
	Computer software	Goodwill	Technological expertise	Patents	Client relationship	Total
At January 1						
Cost	\$ 26,504	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 102,171
Accumulated depreciation and accumulated impairment losses	(17,086)	-	(3,729)	(4,097)	(9,645)	(34,557)
	<u>\$ 9,418</u>	<u>\$ 32,583</u>	<u>\$ 14,914</u>	<u>\$ 9,560</u>	<u>\$ 1,139</u>	<u>\$ 67,614</u>
At January 1	\$ 9,418	\$ 32,583	\$ 14,914	\$ 9,560	\$ 1,139	\$ 67,614
Additions-derived from separate acquisition	83	-	-	-	-	83
Additions-derived from internal development	4,526	-	-	-	-	4,526
Disposals	(2,213)	-	-	-	-	(2,213)
Accumulated depreciation on disposal date	2,213	-	-	-	-	2,213
Amortization expenses	(4,197)	-	(621)	(683)	(569)	(6,070)
At June 30	<u>\$ 9,830</u>	<u>\$ 32,583</u>	<u>\$ 14,293</u>	<u>\$ 8,877</u>	<u>\$ 570</u>	<u>\$ 66,153</u>
At June 30						
Cost	\$ 28,900	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 104,567
Accumulated depreciation and accumulated impairment losses	(19,070)	-	(4,350)	(4,780)	(10,214)	(38,414)
	<u>\$ 9,830</u>	<u>\$ 32,583</u>	<u>\$ 14,293</u>	<u>\$ 8,877</u>	<u>\$ 570</u>	<u>\$ 66,153</u>
	2023					
	Computer software	Goodwill	Technological expertise	Patents	Client relationship	Total
At January 1						
Cost	\$ 19,607	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 95,274
Accumulated depreciation and accumulated impairment losses	(9,232)	-	(2,486)	(2,731)	(6,430)	(20,879)
	<u>\$ 10,375</u>	<u>\$ 32,583</u>	<u>\$ 16,157</u>	<u>\$ 10,926</u>	<u>\$ 4,354</u>	<u>\$ 74,395</u>
At January 1	\$ 10,375	\$ 32,583	\$ 16,157	\$ 10,926	\$ 4,354	\$ 74,395
Additions-derived from separate acquisition	5,160	-	-	-	-	5,160
Disposals	(219)	-	-	-	-	(219)
Accumulated depreciation on disposal date	219	-	-	-	-	219
Amortization expenses	(3,320)	-	(621)	(683)	(1,608)	(6,232)
At June 30	<u>\$ 12,215</u>	<u>\$ 32,583</u>	<u>\$ 15,536</u>	<u>\$ 10,243</u>	<u>\$ 2,746</u>	<u>\$ 73,323</u>
At June 30						
Cost	\$ 24,548	\$ 32,583	\$ 18,643	\$ 13,657	\$ 10,784	\$ 100,215
Accumulated depreciation and accumulated impairment losses	(12,333)	-	(3,107)	(3,414)	(8,038)	(26,892)
	<u>\$ 12,215</u>	<u>\$ 32,583</u>	<u>\$ 15,536</u>	<u>\$ 10,243</u>	<u>\$ 2,746</u>	<u>\$ 73,323</u>

The goodwill of the Group is allocated to cash-generating units identified at the operating segment level. The Group engages external valuation firms annually to perform impairment assessment tests, where the recoverable amount is assessed based on the value in use, derived from the management's estimated pre-tax cash flow forecasts over a five-year financial budget period. As of December 31, 2023, the recoverable amount calculated based on the value in use exceeded the carrying amount, hence no impairment of goodwill was recognized.

(10).Refundable deposits (Listed under "Other Non-Current Assets")

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Futures Trading Margin	\$ 4,716	\$ 8,144	\$ 41,701
Contract project deposit	6,989	6,740	6,618
Operating margin	5,000	15,000	5,000
Leases margin	3,287	3,068	3,048
Margin for securities lending	0	49,021	-
Convertible bond tender offer amount	5,880		
Other	<u>912</u>	<u>912</u>	<u>913</u>
Total	<u>\$ 26,784</u>	<u>\$ 82,885</u>	<u>\$ 57,280</u>

(11).Short-term loans

<u>Nature of borrowing</u>	<u>June 30,2024</u>	<u>Interest rate</u>	<u>Collaterals</u>
Bank borrowings			
Secured loans	\$ 10,000	1.97%	Financial assets at fair value through other comprehensive income
Unsecured loans	<u>110,000</u>	1.95%~1.98%	None
	<u>\$ 120,000</u>		-
<u>Nature of borrowing</u>	<u>December 31, 2023</u>	<u>Interest rate</u>	<u>Collaterals</u>
Bank borrowings			
Unsecured loans	<u>\$ 40,000</u>	1.85%	None

There was no such situation on June 30, 2023.

In From April 1st to June 30th in the 2024 and 2023 and from January 1st to June 30th in the 2024 and 2023, the Group recognized interest accrued in the amounts of \$2,379, \$1,774, \$4,440 and \$3,322 related to its long-term and short-term borrowings, respectively.

(12).Short-term notes and bills payable

	<u>June 30,2024</u>	<u>December 31, 2023</u>	<u>June 30,2023</u>
Short-term bills payable	\$ 145,000	\$ 20,000	\$ -
Less: Unamortized discount	(58)	(15)	-
	<u>\$ 144,942</u>	<u>\$ 19,985</u>	<u>\$ -</u>
Interest rate	1.94%-1.96%	1.52%	-

The interest expense recognized by the Group in profit and loss for the period from April 1 to June 30, 2024 and 2023 and January 2024 and 2023 to June 30, respectively, was \$498, \$11, \$1,099 and \$11, respectively.

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

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items :			
Financial liabilities at FVTPL Held for trading			
Margin trading	\$ -	\$ 54,465	\$ -
Revaluation	-	2,318	-
Total	<u>\$ -</u>	<u>\$ 56,783</u>	<u>\$ -</u>

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

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Net profit or loss recognized in profit or loss :		
Financial liabilities held for trading		
Margin trading	<u>(\$ 1,064)</u>	<u>\$ 466</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Net profit or loss recognized in profit or loss :		
Financial liabilities held for trading		
Margin trading	<u>(\$ 1,650)</u>	<u>\$ 652</u>

(14).Long-term bank loans

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>June 30, 2024</u>	<u>Collaterals</u>
Long-term loans				
Secured loans-JPY	The loan in JPY(JPY1,824,922 thousand) was taken from June 7, 2024 to August 19, 2024 with unconditional annual extensions and monthly interest payments.	0.78%~0.88%	\$ 366,593	Financial assets at fair value through other comprehensive income
Secured loans-CHF	The loan in CHF (CHF5,244 thousand) was taken from March 6, 2024 to September 6, 2024 with unconditional annual extensions and monthly interest payments.	2.00%~2.50%	189,217	
Less: Long-term liabilities - current portion			\$ -	
			<u>\$ 555,810</u>	
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>December 31, 2023</u>	<u>Collaterals</u>
Long-term loans				
Secured loans-JPY	The loan in JPY(JPY1,817,168 thousand) was taken from November 17, 2023, to February 19,2024 with unconditional annual extensions and monthly interest payments.	0.78%	\$ 395,133	Financial assets at fair value through other comprehensive income
Secured loans-CHF	The loan in CHF (CHF5,209 thousand) was taken from December 6, 2023, to January 10, 2024, with unconditional annual extensions and monthly interest payments.	1.78%	190,090	
Less: Long-term liabilities - current portion			\$ -	
			<u>\$ 585,223</u>	
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>June 30, 2023</u>	<u>Collaterals</u>
Long-term loans				
Mortgage and secured bank loans	Borrowing period is from August 27, 2019 to August 27, 2039 and pay monthly	0.75%~2.55%	\$ 548,109	Financial assets at fair value through other comprehensive income
Less: Long-term liabilities - current portion			-	
			<u>\$ 548,109</u>	

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

(15).Pension

- A. Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. °
- B. The pension costs and expenses under defined contribution pension plans of the Group From April 1 to June 30, 2024 and 2023 and January 2024 and 2023 to June 30, respectively, was \$1,324, \$1,299, \$2,613 and \$2,643, respectively.

(16).Capital stock

As of June 30, 2024, 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. °

(17).Capital surplus

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

	<u>Adjustments to share of changes in equity of associates and joint ventures</u>	<u>2024 Expired unclaimed dividends</u>	<u>Total</u>
At January 1	\$ 30,861	\$ 19,218	\$ 50,079
Dividends paid to Expired unclaimed	-	(3)	(3)
At June 30	<u>\$ 30,861</u>	<u>\$ 19,215</u>	<u>\$ 50,076</u>

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

(18).Retained earnings

- A. According to the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for all taxes and cover prior years' losses and then appropriate 10% of the residual amount as legal reserve. Dividends shall be resolved by the stockholders.
- B. The Company's dividend policy is to distribute stock dividends or cash dividends with the earnings net of the capital required for future years that is estimated and retained based on the Company's future capital budget planning.
- C. Legal reserve Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a). In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b). After the company has utilized, disposed of, or reclassified assets related to the Special Surplus Reserve provided by the letter of Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the original provision must be made in accordance with IFRS. If the assets

aforementioned are investment real estate, the land portion must be reversed upon disposal or reclassification, and the non-land portion must be reversed on a period-by-period basis during the period of use.

E. On May 30, 2024 and May 31, 2023, the company passed the resolution of the shareholders' meeting in 2023 and 2022 as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Accrual of legal reserve	\$ 9,532		\$ 9,393	
Appropriation of cash dividends to shareholders	<u>92,671</u>	\$ 0.50	<u>92,671</u>	\$ 0.50
Total	<u>\$ 102,203</u>		<u>\$ 102,064</u>	

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

(19). Other equity items

	<u>2024</u>		
	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	\$ 26,002	\$ 139,473	\$ 165,475
Revaluation	419,892	-	419,892
Revaluation – tax	(82,217)	-	(82,217)
Currency translation differences	-	91,747	91,747
At June 30	<u>\$ 363,677</u>	<u>\$ 231,220</u>	<u>\$ 595,032</u>

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

(20).Operating revenue

	<u>April 1, 2024-June 30, 2024</u>	<u>April 1, 2023-June 30, 2023</u>
Revenue from computer software services	\$ 76,002	\$ 62,932
Other revenue	220	192
Revenue	<u>\$ 76,222</u>	<u>\$ 63,124</u>
	<u>January 1, 2024-June 30, 2024</u>	<u>January 1, 2023-June 30, 2023</u>
Revenue from computer software services	\$ 154,891	\$ 118,556
Revenue from sales of real estate	-	23,433
Other revenue	439	365
Revenue	<u>\$ 155,330</u>	<u>\$ 142,354</u>

Contract assets and liabilities

A.The Group has recognised the following revenue-related contract assets and liabilities:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>January 1, 2023</u>
Contract assets	<u>\$ 8,138</u>	<u>\$ 10,384</u>	<u>\$ 8,092</u>	<u>\$ 11,617</u>
Contract liabilities	<u>\$ 46,345</u>	<u>\$ 43,341</u>	<u>\$ 31,685</u>	<u>\$ 22,143</u>

B.Revenue recognised that was included in the contract liability balance at the beginning of the period.

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Pre-received of software service revenue	<u>\$ 10,653</u>	<u>\$ 1,816</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Pre-received of software service revenue	\$ 36,862	\$ 18,856
Rent in advance	-	126
	<u>\$ 36,862</u>	<u>\$ 18,982</u>

(21).Interest income

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Interest income from bank deposits	\$ 645	\$ 447
Interest income from financial assets at amortized cost	64	47
Interest income from financial assets at fair value through profit or loss		-
Interest income from financial assets measured at fair value through other comprehensive income	5,476	
Other Interest income	<u>44</u>	<u>61</u>
	<u>\$ 6,229</u>	<u>\$ 555</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Interest income from bank deposits	\$ 940	\$ 968
Interest income from financial assets at amortized cost	127	99
Interest income from financial assets at fair value through profit or loss	1,583	-
Interest income from financial assets measured at fair value through other comprehensive income	9,246	
Other Interest income	<u>100</u>	<u>134</u>
	<u>\$ 11,996</u>	<u>\$ 1,201</u>

(22).Other income

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Dividend income	\$ 40,978	\$ 10,123
Other income, others	<u>5</u>	<u>3</u>
	<u>\$ 40,983</u>	<u>\$ 10,126</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Dividend income	\$ 42,743	\$ 10,145
Other income, others	<u>374</u>	<u>78</u>
	<u>\$ 43,117</u>	<u>\$ 10,223</u>

(23).Other gains and losses

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Unrealized gain on foreign currency exchange, net	\$ 19,271	\$ 20,478
Settlement loss	-	(37)
(Loss) interest in financial assets at fair value through profit or loss	6,229	(1,869)
Gain on disposal of property, plant and equipment	-	631
Reversal of financial asset gains	5	-
Other expenses	(142)	(1,078)
	<u>\$ 25,363</u>	<u>\$ 18,125</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Unrealized gain on foreign currency exchange, net	\$ 50,341	\$ 26,220
Settlement loss		(37)
(Loss) interest in financial assets at fair value through profit or loss	9,757	3,346
Reversal of financial asset gains	5	10
Gain on disposal of property, plant and equipment	-	631
Other expenses	(175)	(1,927)
	<u>\$ 59,928</u>	<u>\$ 28,243</u>

(24).Finance costs

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Interest expense		
Bank loans	\$ 2,379	\$ 1,774
Commercial papers payable	555	11
Lease liabilities	80	129
Other finance expense	-	5
	<u>\$ 3,014</u>	<u>\$ 1,919</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>

Interest expense				
Bank loans	\$	4,440	\$	3,322
Commercial papers payable		1,155		11
Lease liabilities		174		271
Other finance expense		-		9
	\$	<u>5,769</u>	\$	<u>3,613</u>

(25).Expenses by nature

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Depreciation charges on property, plant and equipment	\$ 521	\$ 636
Depreciation charges on right-of-use assets	3,598	3,543
Employee benefit expense	32,284	31,548
Amortisation charges	<u>2,884</u>	<u>3,093</u>
	<u>\$ 39,287</u>	<u>\$ 38,820</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Depreciation charges on property, plant and equipment	\$ 1,053	\$ 1,357
Depreciation charges on right-of-use assets	7,198	7,103
Employee benefit expense	62,788	62,643
Amortisation charges	<u>6,070</u>	<u>6,232</u>
	<u>\$ 77,109</u>	<u>\$ 77,335</u>

(26).Employee benefit expense

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Wages and salaries	\$ 27,176	\$ 26,926
Labor and health insurance fees	2,394	2,339
Pension costs	1,324	1,299
Other personnel expenses	<u>1,390</u>	<u>984</u>
	<u>\$ 32,284</u>	<u>\$ 31,548</u>

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Wages and salaries	\$ 52,935	\$ 53,241
Labor and health insurance fees	4,765	4,775
Pension costs	2,613	2,643
Other personnel expenses	<u>2,475</u>	<u>1,984</u>
	<u>\$ 62,788</u>	<u>\$ 62,643</u>

A.According to the Articles of Incorporation of the Company, when distributing

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

B. For the years ended April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023, employees' compensation was accrued at \$239 、\$16 、\$300 and \$16, respectively; while directors' and supervisors' remuneration was accrued at \$415 、\$16 、\$450 and \$16, respectively. The aforementioned amount is listed in the account of salary expenses.

Based on the profit for the six-month periods ended June 30, 2024, employees' compensation and directors remunerations were accrued at 0.27% and 0.4% respectively.

On March 15, 2024, the Company's Board of Directors resolved to accrue employees compensation and directors' remunerations amounting to \$600 and \$900, respectively. The amounts were in agreement with those amounts recognised as salary expenses in the 2023 financial statements. The remuneration of employees and directors listed in the 2023 has not been actually distributed as of August 13, 2024.

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.

(27).Income tax

A.Income tax expense

(a).Components of income tax expense

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Current tax :		
Current tax on profits for the period	\$ 3,300	\$ 519
Prior year income tax overestimation	(1,451)	(97)
Land value increment tax	-	-
Total current tax	<u>1,849</u>	<u>422</u>
Deferred tax :		
Origination and reversal of temporary differences	9,344	16,091
Total deferred tax	<u>9,344</u>	<u>16,091</u>
Income tax expense	<u>\$ 11,193</u>	<u>\$ 16,513</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>

Current tax :			
Current tax on profits for the period	\$	6,120	\$ 2,191
Prior year income tax overestimation		(1,451)	(97)
Land value increment tax		-	1,420
Total current tax		<u>4,669</u>	<u>3,514</u>
Deferred tax :			
Origination and reversal of temporary differences		<u>16,259</u>	<u>18,775</u>
Total deferred tax		<u>16,259</u>	<u>18,775</u>
Income tax expense	\$	20,928	\$ 22,289

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

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Changes in fair value of financial assets at fair value through other comprehensive loss	<u>\$ 43,211</u>	<u>(\$ 3,417)</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Changes in fair value of financial assets at fair value through other comprehensive loss	<u>\$ 82,217</u>	<u>(\$ 16,936)</u>

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

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

(28).Earnings per share

	<u>Amount after tax</u>	<u>April 1, 2024- June 30, 2024 Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per Share (in dollars)</u>
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 51,555</u>	<u>185,342</u>	<u>\$ 0.28</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 51,555</u>	<u>185,342</u>	
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>22</u>	
Net profit for the current period attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares	<u>\$ 51,555</u>	<u>185,364</u>	<u>\$ 0.28</u>

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

	<u>January 1, 2023- June 30, 2024</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>Share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	<u>\$ 79,470</u>	<u>185,342</u>	<u>\$ 0.43</u>
<u>Diluted earnings per share</u>			
Net profit for the current period attributable to the parent company's ordinary shareholders	\$ 9,470	185,342	
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>43</u>	
Net profit for the current period attributable to ordinary shareholders of the parent company as a continuing business unit plus the impact of potential ordinary shares	<u>\$ 79,470</u>	<u>185,385</u>	<u>\$ 0.43</u>

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

(29).Changes in liabilities from financing activities

	2024					
	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	\$ 40,000	\$ 19,985	\$ 585,223	\$ 573	\$ 26,742	\$ 672,523
Changes in cash flow from financing activities	80,000	124,957	(29,413)	-	(7,329)	168,215
Changes in other non-cash item	-	-	-	-	444	444
June 30	<u>\$ 120,000</u>	<u>\$ 144,942</u>	<u>\$ 555,810</u>	<u>\$ 573</u>	<u>\$ 19,858</u>	<u>\$ 841,183</u>

	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	-	-	(2,707)	(515)	(7,126)	(10,348)
Changes in other non-cash item	-	-	(27,491)	-	745	(26,746)
June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,109</u>	<u>\$ 573</u>	<u>\$ 33,911</u>	<u>\$ 582,593</u>

7 ° RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Hemisphere Industries Corp.	Other related party
Luo Sheng Fong Co., Ltd.	Other related party
Luo Shengtai Co., Ltd.	Other related party

(2).Significant related party transactions and balances

A.Revenue

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Other operating revenue:		
Other related party	<u>\$ 113</u>	<u>\$ 113</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>1 January 1, 2023- June 30, 2023</u>
Other operating revenue:		
Other related party	<u>\$ 228</u>	<u>\$ 228</u>

B.Contract liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other related party	\$ -	\$ 57	\$ 172

(3).Key management compensation

	<u>April 1, 2024- June 30, 2024</u>	<u>April 1, 2023- June 30, 2023</u>
Salaries and other short-term employee benefits	\$ 4,880	\$ 6,276
Post-employment benefits	201	226
Total	<u>\$ 5,081</u>	<u>\$ 6,502</u>
	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Salaries and other short-term employee benefits	\$ 9,964	\$ 12,360
Post-employment benefits	374	469
Total	<u>\$ 10,338</u>	<u>\$ 12,829</u>

8 ° PLEDGED ASSETS

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

	<u>Book value</u>			
<u>Pledged assets</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>Purpose</u>
Inventories - Real property for sale	\$ 49,042	\$ 49,042	\$ 72,245	
Property, plant and equipment	7,337	7,384	1,482	Loan collateral
Financial assets at fair value through other comprehensive income-noncurrent	2,002,152	1,617,472	1,706,083	Loan collateral
Refundable deposit	5,000	15,000	5,000	Operating margin
	<u>6,989</u>	<u>6,740</u>	<u>6,618</u>	Project undertaking
	<u>\$ 2,070,520</u>	<u>\$ 1,695,638</u>	<u>\$ 1,791,428</u>	

9 ° SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

(1).Contingencies

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

The arbitral tribunal held a substantive hearing on July 28, 2022, at the Chinese Arbitration Association in Taipei (2021 Zhong-Sheng-He-Zi No. 053), and the arbitral tribunal decided that Decathlon shall demand that the Group pay the \$1,770 in overcharged electricity charges from January to July 2017 as well as interest at a rate of 5% per year calculated up until the settlement date.

According to the arbitral tribunal’s decision, the Group estimated on September 30, 2022 to pay \$1,770 for the overpaid electricity fee. The compensation was paid on October 26, 2023. However, Decathlon still refuses to pay the remaining balance, showing no willingness to respect the arbitration award. Therefore, on November 9, 2022, the Group applied for a second arbitration to the Arbitration Association pursuant to the arbitration agreement reached in the aforementioned arbitration procedure. The Group seeks Decathlon to pay outstanding rental

receivables of \$7,833 and the difference of \$6,012 between the arbitration compensation for overpaid electricity charges plus interest amounting to \$1,821, plus interest calculated at an annual rate of five percent from November 9, 2022, until the date of settlement. Following the arbitration tribunal's decision on September 5, 2023, in Case No. 111 Arbitration Dispute No. 052, the tribunal considered that it lacked jurisdiction over this case and dismissed further consideration.

The Group filed a lawsuit on April 2, 2024, with the Taipei District Court in Taiwan to claim rent payments from Decathlon for the period from January 1, 2011, to March 31, 2011, amounting to \$7,833. The case is currently being heard by the Taipei District Court under case (2024 Zhong-Su-Zi NO.316).

(2).Commitments

None.

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 326,600	\$ 81,165	\$ 76,734
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	3,484,738	2,970,303	3,243,910
Debt instruments that meet the criteria	246,904	235,517	-
Financial assets at amortized cost			
Cash and cash equivalents	208,713	233,146	268,802
Financial assets at amortized cost	16,500	20,990	20,990
Contract assets	8,138	10,384	8,092
Accounts receivable	28,247	28,053	25,837
Other receivables	20,871	58,934	10,011
Refundable deposits (Listed under "Other Non-Current Assets")	<u>26,784</u>	<u>82,885</u>	<u>57,280</u>
	<u>\$ 4,367,495</u>	<u>\$ 3,721,377</u>	<u>\$ 3,711,656</u>
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss			
Financial liabilities measured at fair value through profit or loss (FVTPL)	\$ -	\$ 56,783	\$ -
Financial liabilities at amortized cost			
Short-term loans	120,000	40,000	-
Short-term bills payable	144,942	19,985	-
Contract liabilities	46,345	43,341	31,685
Notes payable	29	-	-
Accounts payable	4,410	6,201	6,578
Other payables	132,574	120,423	131,013
Long-term liabilities - current portion	555,810	585,223	548,109
Guarantee deposits received	<u>573</u>	<u>573</u>	<u>573</u>
	<u>\$ 1,004,683</u>	<u>\$ 872,529</u>	<u>\$ 717,958</u>
Lease liabilities	<u>\$ 19,858</u>	<u>\$ 26,742</u>	<u>\$ 33,911</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a). Market risk

Foreign exchange risk

- i. The Group's main source of foreign exchange risk is the operational team's net investment of institutions that operate as a team. The Group does not hedge the net investment of foreign operating institutions because it is a strategic investment.
- ii. The aggregate amounts of all exchange gains and losses (including realized and unrealized) recognized in 2024 and 2023 from January 1 to June 30, 2023 due to the significant impact of exchange rate fluctuations on the Group's monetary items are \$50,341 and \$26,220 respectively.
- 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:

	<u>June 30, 2024</u>		
(Foreign currency: functional currency)	<u>Oreign currency amount</u>	<u>Exchange rate</u>	<u>Carrying Amount Book Value (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 600	32.450	\$ 19,470
HKD : NTD	22,043	4.160	91,699
<u>Non-monetary items</u>			
USD : NTD	\$ 8,001	32.450	\$ 259,632
HKD : NTD	197,482	4.160	821,525
HKD : USD	458,742	4.160	1,908,367
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY : NTD	\$ 926,473	0.200	\$ 185,294
CHF : NTD	2,637	36.060	95,084
JPY : USD	898,449	0.200	181,299
CHF : USD	2,607	36.060	94,133

	<u>December 31, 2023</u>		
(Foreign currency: functional currency)	<u>Oreign currency amount</u>	<u>Exchange rate</u>	<u>Carrying Amount Book Value (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,298	30.705	\$ 71,881
HKD : NTD	1,018	3.929	4,000
<u>Non-monetary items</u>			
USD : NTD	\$ 8,034	30.705	\$ 246,440
HKD : NTD	162,028	3.929	636,608
HKD : USD	450,531	3.929	1,819,817
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY : NTD	\$ 922,077	0.217	\$ 200,275
CHF : NTD	2,615	36.485	95,420
JPY : USD	895,091	0.217	194,858,
CHF : USD	2,594	36.485	94,670

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

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

January 1, 2024- June 30, 2024				
(Foreign currency: functional currency)	Degree of variation	Sensitivity analysis		
		Effect on profit or loss	Effect on othe comprehensive income	
Financial assets				
Monetarvitems				
USD : NTD	1.00%	\$	195	\$ -
HKD : NTD	1.00%		917	-
Non-monetarv items				
USD : NTD	1.00%	\$	651	\$ 1.945
HKD : NTD	1.00%		-	8.215
HKD : USD	1.00%		-	19.084
Financial liabilities				
Monetarvitems				
JPY : NTD	1.00%	\$	1.853	\$ -
CHF : NTD	1.00%		951	-
JPY : USD	1.00%		1.813	-
CHF : USD	1.00%		941	-

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

Price risk

- i. The Group's equity instruments exposed to price risk consist of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other

comprehensive income. To manage the price risk of equity investments, the Group diversifies its investment portfolio according to limits set by the company.

- ii. The Group primarily invests in equity instruments issued by domestic and foreign companies, whose prices are influenced by uncertainties regarding the future value of these investments. If the prices of these equity instruments rise or fall by 1%, with all other factors held constant, the after-tax net profit for the period from January 1 to June 30 of 2024 and 2023 would increase or decrease by \$958 and \$599, respectively, due to gains or losses from equity instruments measured at fair value through profit or loss. Additionally, the gains or losses in other comprehensive income for equity instruments classified as measured at fair value through other comprehensive income would increase or decrease by \$29,071 and \$21,665, respectively.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk primarily arises from long-term borrowings issued at variable interest rates, exposing the Group to cash flow interest rate risk.
- ii. The Group's borrowings are measured at amortized cost and are subject to annual repricing based on contractual agreements, thereby exposing the Group to the risk of future changes in market interest rates.
- iii. If the interest rates on foreign currency borrowings rise or fall by 1%, with all other factors held constant, the after-tax net profit for the period from January 1 to June 30 of 2024 and 2023, would decrease or increase by \$5,877 and \$4,934, respectively. This is primarily due to fluctuations in interest expenses resulting from variable 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.
- ii. The Group manages its credit risk based on a Group-oriented system. For corresponding banks and financial institutions, it is

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

- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The indicators used by the Group to assess impairment of debt instrument investments are as follows:
 - (i) The issuer experiences significant financial difficulties or is likely to enter bankruptcy or other financial reorganization;
 - (ii) The issuer's financial difficulties lead to the disappearance of an active market for the financial asset;
 - (iii) The issuer delays or defaults on interest or principal payments;
 - (iv) Adverse changes in national or regional economic conditions leading to issuer 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 forecast data to adjust historical and timely information, accounts receivable, and overdue receivables. As of June 30, 2024, December 31, 2023, and June 30, 2023, the loss rate methodology is as follows:

	<u>Not past due</u>	<u>Less than 30 days</u>	<u>31 to 90 days</u>	<u>91 to 180 days</u>	<u>More than 181 days</u>	<u>Total</u>
<u>June 30, 2024</u>						
Expected loss rate	0.03%~0.80%	0.80%	5.88%	19.54%	100%	
Total book value	<u>\$ 32,363</u>	<u>\$ 106</u>	<u>\$ 3,218</u>	<u>\$ 1,650</u>	<u>\$ -</u>	<u>\$ 37,337</u>
Loss allowance	<u>(\$ 439)</u>	<u>(\$ 1)</u>	<u>(\$ 189)</u>	<u>(\$ 323)</u>	<u>\$ -</u>	<u>(\$ 952)</u>
<u>December 31, 2023</u>						
Expected loss rate	0.00%~0.01%	0.00%~0.01%	6.44%	21.41%	100%	
Total book value	<u>\$ 36,000</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 724</u>	<u>\$ 39,489</u>
Loss allowance	<u>(\$ 6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 322)</u>	<u>(\$ 724)</u>	<u>(\$ 1,052)</u>
<u>June 30, 2023</u>						
Expected loss rate	0%	15.60%	16.68%	16.68%	0%	
Total book value	<u>\$ 31,990</u>	<u>\$ 1,384</u>	<u>\$ 445</u>	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ 34,197</u>
Loss allowance	<u>(\$ 59)</u>	<u>(\$ 144)</u>	<u>\$ 0</u>	<u>(\$ 65)</u>	<u>(\$ -)</u>	<u>(\$ 268)</u>

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

	<u>2024</u>	<u>2023</u>
At January 1	\$ 1,052	\$ 205
Provision for impairment	<u>(100)</u>	<u>63</u>
At June 30	<u>\$ 952</u>	<u>\$ 268</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Floating rate			
Less than 1 year	\$ 501,380	\$ 1,046,504	\$ 1,151,500
Over 1 years	<u>1,007,378</u>	<u>341,021</u>	<u>140,155</u>
	<u>\$ 1,508,758</u>	<u>\$ 1,387,525</u>	<u>\$ 1,291,655</u>

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

Non-derivative financial liabilities:

<u>June 30, 2024</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term loans	\$ 120,286	\$ -
Short-term bills payable	145,143	-
Contract liabilities	46,345	-
Notes, accounts payable	4,439	-
Other payables	132,574	-
Lease liabilities	14,686	5,411
Long-term loans (including current portion)	-	563,299

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
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)	-	591,075

Non-derivative financial liabilities:

<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Contract liabilities	\$ 31,685	\$ -
Notes, accounts payable	6,578	-
Other payables	131,013	-
Lease liabilities	14,615	19,630
Long-term loans (including current portion)	-	553,590

(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 values of the company's investments in domestically and internationally listed stocks, foreign corporate bonds classified as popular securities, and derivatives with publicly quoted prices in active markets are all included.

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.Non-financial instruments measured at fair value

(a).The carrying amounts of cash and cash equivalents, other receivables, short-term borrowings, notes payable, and other payables approximate their fair values.

(b).The methods and assumptions used to estimate fair value are as follows:Investment-grade corporate bonds:

Measured using publicly quoted prices in active markets.

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

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

June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 95,808	\$ -	\$ -	\$ 95,808
Debt instruments	-	-	151,972	151,972
Derivative instruments	13,588	-	-	13,588
Hybrid instruments	98	-	-	98
Structured Notes	65,134	-	-	65,134
Financial assets at fair value through other comprehensive income				
Equity securities	2,212,331	-	1,272,407	3,484,738
Debt warrants	<u>246,904</u>	<u>-</u>	<u>-</u>	<u>246,904</u>
Total	<u>\$ 2,633,863</u>	<u>\$ -</u>	<u>\$ 1,424,379</u>	<u>\$ 4,058,242</u>

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 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 warrants	<u>235,517</u>	<u>-</u>	<u>-</u>	<u>235,517</u>
Total	<u>\$ 2,123,697</u>	<u>\$ -</u>	<u>\$ 1,163,288</u>	<u>\$ 3,286,985</u>
LIABILITIES				
<u>Recurring fair value measurements</u>				
Financial liabilities measured at fair value through profit or loss				
Margin trading	<u>\$ 56,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,783</u>

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

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

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

	<u>Listed shares</u>	<u>Corporate bonds</u>
Market quoted price	Closing price	Weighted average price per hundred units

- 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 outputs of valuation models are estimated approximations, and valuation techniques may not reflect all relevant factors related to the financial and non-financial instruments held by the company. Therefore, estimated values from valuation models are appropriately adjusted based on additional parameters such as model risk or liquidity risk. According to the company's fair value measurement policies and related control procedures, management believes that adjustments to fair values are necessary and appropriate to fairly represent the fair values of financial and non-financial instruments in the consolidated balance sheet. Price information and parameters used in the valuation process are carefully evaluated and adjusted as appropriate based on current market conditions.
- iv.The Group incorporates credit risk adjustments into the fair value calculations of financial and non-financial instruments

to separately reflect counterparty credit risk and the Group's credit quality.

D. There were no transfers between Level 1 and Level 2, for the six-month periods ended June 30, 2024 and 2023.

E. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2024 and 2023:

	<u>2024</u>	
	<u>Equity Securities-Unlisted shares</u>	<u>Debt instruments-Preferred stock</u>
At January 1	\$ 1,163,288	\$ -
Current period purchases	-	150,000
Unrealized gains and losses on debt instrument investments measured at fair value through profit or loss	-	1,972
Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income	44,060	-
Effect of exchange rate changes	65,059	-
At June 30	<u>\$ 1,272,407</u>	<u>\$ 151,972</u>

	<u>2023</u>	
	<u>Equity Securities-Unlisted shares</u>	<u>Debt instruments-Preferred stock</u>
At January 1	\$ 1,375,254	\$ -
Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income	(46,553)	-
Effect of exchange rate changes	17,876	-
At June 30	<u>\$ 1,346,577</u>	<u>\$ -</u>

F. There were no transfers into or out of Level 3, for the six-month periods ended June 30, 2024 and 2023.

G. The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to

current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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 :

	<u>Fair value at June 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument :				
Unlisted shares	\$ 1,263,570	Market comparable companies	liquidity discount	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
"		Net asset value	"	"
	<u>8,837</u>			
	<u>\$ 1,272,407</u>			
Debt instruments:				
Preferred stock		Cash flow analysis	Discount rate, liquidity discount	The higher the discount rate, the lower the fair value; the higher the liquidity discount, the lower the fair value.
	<u>\$ 151,972</u>			
	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument :				
Unlisted shares	\$ 1,150,860	Market comparable companies	liquidity discount	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
"		Net asset value	"	"
	<u>12,428</u>			
	<u>\$ 1,163,288</u>			
	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument :				
Unlisted shares	\$ 1,333,952	Market comparable companies	liquidity discount	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
"		Asset approach	"	"
	<u>12,625</u>			
	<u>\$ 1,346,577</u>			

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 :

<u>June 30, 2024</u>						
	<u>Input</u>	<u>Change</u>	<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument						
Unlisted shares	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 12,857	(\$ 12,855)
Debt instruments:						
Preferred stock	Discount rate, discount for lack of marketability	±1%	5,685	(5,428)	-	-
Total			<u>\$ 5,685</u>	<u>(\$ 5,428)</u>	<u>\$ 12,857</u>	<u>(\$ 12,855)</u>

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

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

13 ° SUPPLEMENTARY DISCLOSURES

(1).Significant transactions information

- A.Loans to others: None.
- B.Provision of endorsements and guarantees to others: Please refer to table 1.
- C.Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- 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 3.

(2).Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(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 5

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 Department : Specialized investment business.

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

C.Kwong Fong Holdings Department: Overseas asset investment business.

D. Digital Technology department: Information Software Services.

(2).Measurement of segment information

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

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

(3).Segment information

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

<u>January 1, 2024 to June 30, 2024</u>	<u>Kwong Fong Department</u>	<u>Pao Fong Asset Management Department</u>	<u>Kwong Fong Holdings Department</u>	<u>Digital Technology Department</u>	<u>Adjustments and written-off</u>	<u>Total</u>
Revenue :						
Revenue from external customers	\$ 228	\$ 202	\$ -	\$ 154,900	\$ -	\$ 155,330
Revenue from internal customers	-	-	-	7,912	(7,912)	-
Segment revenue	<u>\$ 228</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 162,812</u>	<u>(\$ 7,912)</u>	<u>\$ 155,330</u>
Segment profit (loss)(Note)	\$ 35,687	(\$ 12,168)	\$ 47,538	\$ 34,489	(\$ 188)	\$ 105,358
Share of income (loss) of associates and joint ventures accounted for using equity method	47,372	-	-	-	(47,372)	-
Depreciation and amortisation	(3,589)	(38)	-	(9,156)	(1,538)	(14,321)
Segment profit (loss)	<u>79,470</u>	<u>(12,206)</u>	<u>47,538</u>	<u>25,333</u>	<u>(49,098)</u>	<u>91,037</u>
Segment assets	<u>\$ 4,692,383</u>	<u>\$ 866,911</u>	<u>\$ 2,152,801</u>	<u>\$ 210,434</u>	<u>(\$ 2,709,148)</u>	<u>\$ 5,213,381</u>
Segment liabilities	<u>\$ 781,811</u>	<u>\$ 85,151</u>	<u>\$ 279,282</u>	<u>\$ 87,087</u>	<u>\$ 2,577</u>	<u>\$ 1,235,908</u>

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

January 1, 2023 to June 30, 2023	<u>Kwong Fong Department</u>	<u>Pao Fong Asset Management Department</u>	<u>Kwong Fong Holdings Department</u>	<u>Digital Technology Department</u>	<u>Adjustments and written-off</u>	<u>Total</u>
Revenue :						
Revenue from external customers	\$ 230	\$ 23,443	\$ -	\$ 118,681	\$ -	\$ 142,354
Revenue from internal customers	-	-	-	7,669	(7,669)	-
Segment revenue	<u>\$ 230</u>	<u>\$ 23,443</u>	<u>\$ -</u>	<u>\$ 126,350</u>	<u>(\$ 7,669)</u>	<u>\$ 142,354</u>
Segment profit (loss) (Note)	(\$ 16,414)	\$ 2,887	\$ 12,955	\$ 19,661	\$ 63	\$ 19,152
Share of income (loss) of associates and joint ventures accounted for using equity method	20,229	-	-	-	(20,229)	-
Depreciation and amortisation	(3,701)	(54)	-	(8,665)	(2,272)	(14,692)
Segment profit (loss)	114	2,833	12,955	10,996	(22,438)	4,460
Segment assets	<u>\$ 4,135,722</u>	<u>\$ 902,391</u>	<u>\$ 2,002,292</u>	<u>\$ 183,380</u>	<u>(\$ 2,596,617)</u>	<u>\$ 4,627,168</u>
Segment liabilities	<u>\$ 473,300</u>	<u>\$ 78,770</u>	<u>\$ 274,679</u>	<u>\$ 80,996</u>	<u>(\$ 7,899)</u>	<u>\$ 899,846</u>

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

(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 2024 and January 1, 2023-June 30, 2023 of the Republic of China and the profit and loss before deduction of subsequent business departments are adjusted as follows:

	<u>January 1, 2024- June 30, 2024</u>	<u>January 1, 2023- June 30, 2023</u>
Reportable Segment		
Profit and Loss	\$ 2,693	(\$ 9,305)
Non-operating		
income and expenses	<u>109,272</u>	<u>36,054</u>
Continuing operations		
profit (loss) before		
income tax	<u>\$ 111,965</u>	<u>\$ 26,749</u>

Kwong Fong Industries Corporation and Subsidiaries
Provision of endorsements and guarantees to other
January 1 to June 30, 2024

Table 1

Expressed in thousands of TWD

Number (Note 1)	Endorser / Guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsement /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements / guarantees by subsidiary to parent company (Note 7)	Provision of endorsements / guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationshi p with the endorser/ guarantor (Note 2)											
0	Kwong Fong Industries Corporation	Galaxy Digital Co., Ltd.	2	\$ 3,910,572	\$ 50,000	\$ 50,000	\$ 30,000	\$ -	1.28	\$ 3,910,572	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)
June 30, 2024

Table 2

Expressed in thousands of TWD

Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
Kwong Fong Industries Corporation	Unlisted common stock in Taiwan	Shin hua wool spinning co., Ltd.		Financial asset measured at fair value through other comprehensive income - noncurrent	437	\$ 8,837	15.17%	\$ 8,837	
"	"	Lian An Health Business Co., Ltd.		"	401	21,854	3.10%	21,854	
"	Unlisted common stock in Vietnam	ASCCHARWIE COMPANY		"	922	-	8.00%	-	
"	Listed common stock in Hong Kong	Bank of China Co., Ltd.		"	25,000	400,400	0.01%	400,400	Note 4
"	"	Agricultural Bank of China Co., Ltd.		"	18,800	261,215	0.01%	261,215	Note 4
"	"	Bank of Communications Co., Ltd.		"	4,000	102,003	0.01%	102,003	Note 4
"	"	Industrial and Commercial Bank of China Co., Ltd.		"	3,000	57,907	0.00%	57,907	Note 4
"	Listed preferred stock in Taiwan	Union Bank of Taiwan Special Shares		"	1,700	90,610	0.04%	90,610	Note 4
"	"	Yulon Finance Corporation Special Shares		"	401	20,531	0.06%	20,531	Note 4
"	"	Fubon Financial Holdings Special Shares		"	152	9,530	0.00%	9,530	
"	Listed common stock in Taiwan	Asia Cement co., Ltd.		"	3,300	144,705	0.09%	144,705	Note 4
"	"	Mega Financial Holdings Co., Ltd.		"	11	426	0.00%	426	
"	"	Taiwan Cement co., Ltd.		"	3,481	119,060	0.04%	119,060	
"	"	Shin Kong Financial Holdings Co., Ltd.		"	2,000	19,680	0.01%	19,680	
"	"	Yuanta Futures Co., Ltd.		"	650	59,800	0.22%	59,800	
"	U.S. bonds	Standard Chartered PLC 7.767% 22/28		"		93,345		93,345	
"	"	BARCLAYS PLC 7.385% 22/28		"		34,179		34,179	

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Table 2					Expressed in thousands of TWD				
Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	" U.S. bonds	HSBC Holding PLC 7.39% 22/28		Financial asset measured at fair value through other comprehensive income - noncurrent		34,334		34,334	
	"	Nomura Holdings Inc 5.605% 22/29		"		32,647		32,647	
	Structured Notes	FCN NOM-C_CON_BK/AGRI_BOC/BOC_LTD EQUITY LINKED NOTESE		Financial assets at fair value through profit or loss – current		65,134		65,134	
	Listed common stock in Taiwan	Grape King Bio Ltd			22	3,377	0.00%	3,377	
	"	ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.			186	18,693	0.00%	18,693	
	"	KINSUS INTERCONNECT TECHNOLOGY CORP.			8	739	0.00%	739	
	"	Tung Thih Electronic Co., Ltd.			2	211	0.00%	211	
	"	PharmaEngine, Inc.			10	975	0.00%	975	
	"	Oneness Biotech Co., Ltd.			12	1,968	0.00%	1,968	
	"	Powerchip Semiconductor Manufacturing Corporation			38	1,018	0.00%	1,018	
	"	Merry Electronics Co., Ltd.			10	1,380	0.00%	1,380	
	"	Highwealth Construction Corporation			60	3,126	0.00%	3,126	
	"	Yang Ming Marine Transport Corp.			178	13,279	0.01%	13,279	
	"	Unimicron Technology Corp.			2	360	0.00%	360	
	"	Tripod Technology Corporation.			28	6,118	0.00%	6,118	
		Giga Solar Materials Corporation			6	873	0.00%	873	

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Table 2					Expressed in thousands of TWD				
Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	Listed common stock in Taiwan	MiTAC Holdings Corporation		Financial assets at fair value through profit or loss – current	28	1,240	0.00%	1,240	
		ASMedia Technology, Inc.			8	17,920	0.00%	17,920	
		Sino-American Silicon Products Inc.			8	1,740	0.00%	1,740	
		AcBel Polytech Inc.			34	1,321	0.00%	1,321	
		Board of Directors of TSEC Corporation			20	579	0.00%	579	
		E INK HOLDINGS INC.			28	7,056	0.00%	7,056	
		Advanced Wireless Semiconductor Company			6	837	0.00%	837	
		momo.com Inc.			4	1,718	0.00%	1,718	
		Uni-President Enterprises Corporation			2	163	0.00%	163	
		Standard Foods Corporation			2	86	0.00%	86	
		Lian Hwa Foods Corporation			2	224	0.00%	224	
		FAR EASTERN NEW CENTURY CORPORATION			3	106	0.00%	106	
		Nien Hsing Textile Co., Ltd.			5	103	0.00%	103	
		BASSO Industry Crop.			2	87	0.00%	87	
		SINON CORPORATION			7	308	0.00%	308	
		FENG HSIN STEEL CO., LTD.			1	77	0.00%	77	
		Unitech Computer Co., Ltd.			8	326	0.00%	326	
		THINKING ELECTRONIC INDUSTRIAL CO., LTD.			1	178	0.00%	178	

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Table 2					Expressed in thousands of TWD				
Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	Listed common stock in Taiwan	Audix Corporation		Financial assets at fair value through profit or loss – current	1	76	0.00%	76	
		Wan Hwa Enterprise Company Ltd.			7	93	0.00%	93	
		Chang Hwa Commercial Bank, Ltd.			11	203	0.00%	203	
		Taiwan Business Bank			11	200	0.00%	200	
		Union Bank of Taiwan			6	98	0.00%	98	
		Far Eastern International Bank (FEIB)			6	100	0.00%	100	
		Fubon Financial Holding Co., Ltd.			4	317	0.00%	317	
		E.SUN Financial Holding Company			4	114	0.00%	114	
		Holy Stone Enterprise Co., Ltd.			1	94	0.00%	94	
		Taiwan Mobile Co., Ltd.			2	214	0.00%	214	
		Well Shin Technology Co., Ltd.			1	80	0.00%	80	
		Pan Asia Chemical Corporation			14	217	0.00%	217	
		Asia Tech Image Inc.			1	70	0.00%	70	
		LEO SYSTEMS, INC.			3	119	0.00%	119	
		Capital Futures Corp.			2	117	0.00%	117	
		I-Sheng Electric Wire & Cable Co.,Ltd.			3	174	0.00%	174	
		Gamania Digital Entertainment Co., Ltd.			1	83	0.00%	83	
		Board of Directors, Dafeng TV Ltd.			2	107	0.00%	107	

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Table 2					Expressed in thousands of TWD				
Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
	Listed common stock in Taiwan	Flytech Technology Co.		Financial assets at fair value through profit or loss – current	2	190	0.00%	190	
		YoungTek Electronics Corp.			1	79	0.00%	79	
		ATEN International Co., Ltd.			1	83	0.00%	83	
		Taiwan Steel Union Co., Ltd.			3	318	0.00%	318	
		Yuen Foong Yu Consumer Products Co., Ltd.			2	111	0.00%	111	
		TOPOINT TECHNOLOGY CO., LTD.			3	94	0.00%	94	
		ChenFull International Co., Ltd			4	181	0.00%	181	
		Transart Graphics Co., Ltd.			1	52	0.00%	52	
		O-TA PRECISION INDUSTRY CO., LTD			3	269	0.00%	269	
		GREAT CHINA METAL IND. CO., LTD.			4	98	0.00%	98	
		Taiwan Sakura Corporation			1	91	0.00%	91	
		Taiwan Shin Kong Security Co., Ltd.			5	212	0.00%	212	
	Unlisted preferred stock in Taiwan	Codak Archi Special Preferred Stock		Financial assets at fair value through profit or loss - noncurrent	15,000	151,972	55.56%	151,972	
Kwong Fong Holdings Limitd	Unlisted common stock in Hong Kong	FULCREST LIMITED		Financial asset measured at fair value through other comprehensive income - noncurrent	2,716	1,241,716	44.24%	1,241,716	
"	Listed common stock in Hong Kong	Bank of China Co., Ltd.		"	20,800	332,829	0.02%	332,829	Note 4
"	"	Agricultural Bank of China Co., Ltd.		"	17,000	235,989	0.06%	235,989	Note 4

Kwong Fong Industries Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Table 2					Expressed in thousands of TWD				
Securities held by	Types of securities	Securities name (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2024				Footnote
					Shares/Units (In Thousands)	Book value (Note 3)	Percentage of Ownership (%)	Fair value	
"	Listed common stock in Hong Kong	Bank of Communications Co., Ltd.		" Financial asset measured at fair value through other comprehensive income - noncurrent	6,800	173,247	0.02%	173,247	Note 4
"	"	Industrial and Commercial Bank of China Co., Ltd.		"	4,300	82,925	0.00%	82,925	Note 4
	U.S. bonds	BARCLAYS PLC 7.385% 22/28		"		52,399		52,399	
Pao Fong Asset Management Co., Ltd.	Listed preferred stock in Taiwan	Cathay Financial Holdings Special Shares		"	1,115	68,127	0.01%	68,127	Note 4
"		Fubon Financial Holdings Special Shares		"	505	31,664	0.00%	31,664	Note 4
"	Listed common stock in Taiwan	Fubon Financial Holding Co., Ltd.		"	21	1,683	0.00%	1,683	
"	"	Cathay Financial Holding Co., Ltd.		Financial assets at fair value through profit or loss – current	91	5,369	0.00%	5,369	
	Convertible corporate bonds in Taiwan (hybrid instruments)	UNITED RECOMMEND INTERNATIONAL CO., LTD.(1)		Financial assets at fair value through profit or loss - noncurrent		98		98	

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: Our company pledges financial assets for borrowing purposes.–

Kwong Fong Industries Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to June 30, 2024

Table 3

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	5,686	Note4	3.66%
"	Galaxy Digital Co., Ltd.	Mdbs Digital Technology Co., Ltd.	"	Project cost	4,500	"	2.90%

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 to June 30, 2024

Table 4

(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 June 30, 2024	Balance as of December 31, 2023	Number of shares	Ownership (%)	Book value			
Kwong Fong Industries Corporation	Kwong Fong Holdings Limitd	British Virgin Islands(BVI)	General Investment	USD 30,442	USD 30,442	30,442	100%	\$ 1,873,519	\$ 47,538	\$ 47,538	註 3Note 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%	781,760	(12,207)	(12,207)	"
"	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%	46,494	6,174	2,750	"
"	Galaxy Digital Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	"	34,900	34,900	2,169	51%	45,137	18,899	9,291	"
Galaxy Digital Co., Ltd.	Digital Securities Investment Consultant Co., Ltd.	18F., No.105, Sec.2, Dunhua S, Rd., Da'an Dist., Taipei City 106, Taiwan	Securities Investment Advisory Industry	20,000	20,000	2,000	100%	17,458	259	259	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.

Kwong Fong Industries Corporation and Subsidiaries
Major shareholders information
June 30, 2024

Table 5

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%