

Stock Code: 1416

# **KWONG FONG INDUSTRIES CORPORATION**

## **2023 Annual Shareholders' Meeting**

### **Agenda Handbook** (Translation)

**May 31, 2023**

**18F., No. 105, Section 2, Dunhua South Rd., Taipei City, Taiwan**



# **Meeting Proceedings**

One. Call Meeting to Order

Two. Chairperson's Speech

Three. Report Items

Four. Ratification Topics

Five. Discussion Topics

Six. Extraordinary Motions

Seven. Meeting Adjourned

# Meeting Agenda

Time: 10:00 a.m., May 31, 2023

Place: 18F., No. 105, Section 2, Dunhua South Rd., Taipei City, Taiwan

Meeting Type: Physical Meeting

One. Call the meeting to order (announce the total number of shares represented by the attending shareholders)

Two. Chairperson's Remarks

Three. Report Items

- I. 2022 Business Report
- II. 2022 Audit Committee Review Report
- III. Report on the distribution of remuneration for employees and directors for 2022
- IV. Proposal to formulate the Company's "Procedures for Ethical Management and Guidelines for Conduct."

Four. Ratification Topics

- I. To ratify the Company's 2022 final account statements
- II. To ratify the Company's 2022 Earnings Distribution Proposal

Five. Discussion Topics

- I. Proposal to revoke and then re-formulate the Company's "Rules of Procedure for Shareholders' Meetings"; hereby proposed for discussion.

Six. Extraordinary Motions

Seven. Meeting Adjourned

## Three. Report Items

### I. 2022 Business Report

Description: The Business Report can be found on p.9 (Attachment 1) of this Handbook.

### II. 2022 Audit Committee Review Report

Description: The Audit Committee Review Report can be found on p.12 (Attachment 2) of this Handbook.

### III. Report on the distribution of remuneration for employees and directors for 2022

Description:

(I) The matter was carried out in accordance with Article 235-1 of the Company Act and the Company's Articles of Incorporation.

(II) Director remuneration of NT\$900,000 and employee remuneration of NT\$600,000 distributed by the Company for 2022 were all in cash.

### IV. Proposal to formulate the Company's "Procedures for Ethical Management and Guidelines for Conduct."

Description: The articles of the "Procedures for Ethical Management and Guidelines for Conduct" can be found on p.13(Attachment 3) of this Handbook.

## Four. Ratification Topics

### Proposal 1

(Proposed by the Board of Directors)

Subject: To ratify the Company's 2022 final account statements

Description:

- I. The Company's 2022 Business Report and financial statements were audited by PwC Taiwan and reviewed by the Audit Committee by law (for the Business Report, see Attachment 1 on p.9 of this Handbook; for financial statements, see Attachment 4 on p.19 of this Handbook)
- II. Hereby proposed for ratification.

Resolution:

**Proposal 2**

(Proposed by the Board of Directors)

**Subject:** To ratify the Company's 2022 Earnings Distribution Proposal

**Description:**

- I. The Company's 2021 undistributed earnings in the amount of NT\$846,246,483 ; 2022 net profits in the amount of NT\$94,461,580 ; deduction of NT\$535,500 for changes in investments accounted for using the equity method ; 10% of remainder earnings that is required by law to be provided as legal reserves in the amount of NT\$9,392,608 ; and distributable earnings in the amount of NT\$930,779,955.
- II. For the Earnings Distribution Statement, see Attachment 5 (on p.44 of this Handbook).
- III. Hereby proposed for ratification.

**Resolution:**

## **Five. Discussion Topics**

### **Proposal 1**

(Proposed by the Board of Directors)

Subject: Proposal to revoke and then re-formulate the Company's "Rules of Procedure for Shareholders' Meetings".

Description:

- I. Since the Company's "Rules of Procedure for Shareholders' Meetings" significantly differs from the official version provided by the competent authority, it is proposed that the Company's original "Rules of Procedure for Shareholders' Meetings" be revoked and a new one be formulated.
- II. For the articles after re-formulation, see Attachment 6 (on p.45 of this Handbook).
- III. Hereby proposed for discussion.

Resolution:

## **Six. Extraordinary Motions**

## **Seven. Meeting Adjourned**

## Eight. Attachments

### Attachment 1

#### Kwong Fong Industries Corporation 2022 Business Report

##### I. 2022 Business Report:

##### (I). Business Plan implementation achievements:

Unit: NT\$1,000

Item	2022	2021	Amount of increase or decrease	Increase or decrease in percentage terms (%)
Operating revenue (Note 1)	249,391	236,931	12,460	5.26
Gross profit (loss)	66,543	71,471	(4,928)	-6.90
Net profits (loss) for the period from continuing operations	96,256	72,705	23,551	32.39
Profit (Loss) from discontinued segments	-	8,559	(8,559)	-100.00
Net profits (losses) for the period	96,256	81,264	14,992	18.45
Earnings (Loss) per share (NT\$)	0.51	0.44	0.07	15.91

Note 1: Since the mall was sold to Cathay Life Insurance Co., Ltd. through an execution of a contract on October 23, 2020, IFRS 5 requires the operating revenue from the mall to be recognized solely under discontinued operations. In 2021, a total of NT\$49,221 thousand of operating revenue from the mall was recognized under discontinued operations.

##### (II). Budget execution status: Not applicable (because no financial forecast was filed)

##### (III). An analysis of income and expenses and profitability for 2022:

Item		2022	2021
Capital structure	Debt to assets ratio (%)	18.17	10.22
	Ratio of long-term capital to fixed assets (%)	11858.72	4126.06
Solvency	Current ratio (%)	1094.73	795.61
	Quick ratio (%)	438.40	387.79
Profitability	Return on assets (%)	2.50	1.84
	Return on equity (%)	2.74	2.33
	Net profit margin (%)	38.59	28.39

(IV). R&D status: The R&D status that the general manufacturing industry is required to disclose is not applicable to the Company.

II. Summary of the 2023 Business Plan: The summary of the Business Plan and development strategy are as follows:

(I) Digital technology business:

1. Continue to strengthen core technologies and competitiveness.

Establish learning teams to maximize talent cultivation synergy, implement construction standardization, make programs atomic, and streamline work process, so as to increase competitive advantages.

2. Optimize applications to expand customer base and increase operating revenue.

Develop informational applications and AIs; develop digital learning applications and social media tools, in addition to strategic applications, to enhance user experience; build the Company's image as a leading professional finance learning platform, and expand the user base, thereby expanding customer bases, increasing overall operating synergy, and thus increasing operating revenue.

3. Actively engage with customer in the finance field to boost profits.

Continue to engage in application systems for the finance industry such as securities, fund, and insurance; leverage advantages such as system performance, information linkage, cross-industry development experience, and knowledge application and innovation to provide customers with best solutions; create added value for services; use core competencies to actively engage with major customer bases to boost profits.

(II) Construction business:

1. Short-term goals: Have a good grasp of market prices and actively sell housing units on hand to recover funds.

2. Long-term goals: The Company's land assets in Taoyuan sit in the prime section in the downtown of Bade district and adjoin the G5 station of the Green Line of the metro system. With the rails under rapid construction, housing prices in the neighborhood gradually went up. The land in the district is central to the Company's medium- and long-term development plan; the Company will carry out regulatory assessment and forge the consensus of residents in the district to promote community re-construction or urban renewal. It is estimated that the development volume in the district after integration will be no inferior to Kwong Fong Park phase 1, 2, and 3 in

scale; the Company will develop the district one area after another under the most favorable assessed conditions so as to revitalize assets. The construction business will take a more healthy and prudent manner when assessing the market, so as to carve out a lucrative niche.

(III) Investment business:

1. Strategic investment: Leverage long-term equity investment to enhance the monitoring of investees and actively participate in the operation of the Board of Directors, to obtain returns on investment.
2. Financial investment: Enhance risk management and seek stable returns to improve the utilization of funds, thereby generating revenue.
3. Seek profitable investment: Continue to seek items and opportunities of investment value to reap profits for the Company.

(IV) Corporate Governance:

Enhance corporate governance, e.g., successively promote and implement management policies regarding ethical management, risk management, and information security management in a transparent, open, efficient, and regulatorily compliant manner, so as to stably perform the company's various business activities.

Chairperson: Leo Ho

Manager: Huang Li-Ling

Accounting Manager: Chen Su-Ching

## Attachment 2

### Kwong Fong Industries Corporation

#### Audit Committee Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements, and earnings distribution proposal. The financial statements have been audited by the CPAs of PricewaterhouseCoopers Taiwan, who have issued an Independent Auditors' Report accordingly. The Audit Committee has reviewed the said business report, financial statements, and earnings distribution proposal, and did not find any non-conformity thereof. Therefore, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, those documents are submitted for your approval.

Submitted to:

2023 Annual general meeting

Audit Committee Convener: Liu Wei-Ting

March 24, 2023

## Attachment 3

### Kwong Fong Industries Corporation Procedures for Ethical Management and Guidelines for Conduct Formulation Date: August 12, 2022

#### Article 1 Purpose of formulation and scope of application

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct are adopted pursuant to the provisions of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-listed Companies,” with a view to providing all personnel of the Company with clear directions for the performance of their duties. The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

#### Article 2 Applicable subjects

For the purposes of these Procedures and Guidelines, the term “personnel of the Company” refers to any director, managerial officer, employee, mandatary, or person having substantial control, of the Company or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

#### Article 3 Unethical conduct

For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties, or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, substantial controllers, or other stakeholders.

#### Article 4 Types of benefits

For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

#### Article 5 Responsible unit and duties

The Company shall designate the President’s Office as the solely responsible unit (hereinafter, “responsible unit”) and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall also submit regular reports (at least once a year) to the Board of Directors.

#### Article 6 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the Ethical Corporate Management Best-Practice Principles for TWSE-/TPEX-listed Companies and the provisions of these Procedures and Guidelines, and the

relevant procedures shall have been carried out:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. Social etiquette custom or any conduct complying with the Company's regulations.

#### Article 7 Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, money, gift, service, preferential treatment, entertainment, dining, or other benefits by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- II. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit. "A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:
  - (I). When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
  - (II). When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
  - (III). Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact. The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the President's Office.

#### Article 8 Prohibition of and handling procedure for facilitating payments

The Company shall neither provide nor promise any facilitating payment. If any personnel of the Company provide or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit. Upon receipt of the report

under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 Procedures for handling political contributions

The Company's providing political contributions shall be in line with the Company's internal regulations and the laws and regulations governing political contributions made in the country in which the recipient of the political contribution is, and shall not be for the purposes of seeking business benefits or exchanging for preferential treatment.

Article 10 Procedures for handling charitable donations or sponsorships

The Company's providing charitable donations or sponsorships shall be in accordance with its "Regulations Governing Procedure for Board of Directors Meetings" and the following provisions:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- II. A written record of the decision-making process shall be kept.
- III. A charitable donation may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

Article 11 Recusal

The Company's directors shall be highly self-disciplined. Where an agenda item at a Board of Directors meeting involves the interest of a director or the legal person represented by a director and such interest conflicts with the Company's interest, such a director may present his/her opinions and answer any inquiry, but shall not participate in discussion or voting; he/she shall recuse himself/herself from discussion and voting, and shall not exercise the voting rights on other director's behalf. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 Special unit in charge of confidentiality regime and its responsibilities

The Company shall set up a responsible unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

Article 13 Prohibition against unfair competition

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 14 Prevent Products or Services from Causing Harm to Stakeholders

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services for which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

#### Article 15 Prohibition against insider trading and non-disclosure agreement

All Company personnel shall adhere to the provisions of the Securities and Exchange Act and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading. Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

#### Article 16 Compliance and announcement of policy of ethical management

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy. The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 17 Evaluation of Ethical Management Prior to Development of Commercial Relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes. When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.

VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 Statement of Ethical Management Policy to Counterparties in Commercial Dealings

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including kickbacks, commission, facilitating payment, or other improper benefits provided or accepted via other channels.

Article 19 Avoidance of Commercial Dealings with Unethical Operators

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparties in commercial interactions that are involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20 Stipulation of Terms of Ethical Management in Contracts

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management and shall make observance of the ethical management policy part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to the prohibition of acceptance of commissions, rebates, or other benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other benefits that were provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party 200 percent of the contract price as damage compensation, and may also deduct the full amount of the damages from the contract price payable.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirements for compliance with related tax laws and regulations.

Article 21 Handling of Unethical Conduct by Personnel of the Company

When the Company finds, or receives the report of, any unethical conduct involving its personnel, it shall immediately verify the finding or reporting. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer the said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. With respect to unethical conduct already occurred, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. The

responsible unit of the Company shall report the unethical conduct, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

**Article 22 Actions Upon Events of Unethical Conduct by Others Towards the Company**

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall also notify the governmental anti-corruption agency.

**Article 23 Internal awareness sessions and establishment of a system for rewards, penalties, complaints, and related disciplinary measures**

The responsible unit of the Company shall organize the awareness session periodically and arrange for the Chairperson, President, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. The Company shall incorporate the ethical operations management best practice into its employee performance appraisal system and human resource policies to establish a clear and effective reward-penalty and grievance system. If any personnel of the Company seriously violate ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. The Company shall disclose on its intranet information the position title and name of the violator, the date and details of the violation, and the actions taken in response.

**Article 24 Enforcement and Revision**

These Procedures and Guidelines shall be implemented after the resolution of the Board of Directors and shall be reported at the shareholders' meeting, and likewise for revisions.

When these procedures and guidelines are submitted to the Board of Directors for discussion, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

## INDEPENDENT AUDITORS' REPORT

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

### ***Introduction***

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

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

### ***Basis for opinion***

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

### ***Key audit matters***

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

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

#### **Measurement of Financial Assets at Fair Value of Fulcrest Limited**

##### Description

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

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

#### How our audit addressed the matter

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

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

#### **Accuracy of recognition of revenue from information software service**

##### Description

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

The operating income of Kwong Fong Industries Group of Companies and its subsidiaries is primarily comprised of revenue from information software services, shopping malls, and construction. The information software service revenue in 2022 amounted to NT\$247,500 thousands, accounting for 99% of its operating income in 2022.

During the period of financial reporting, revenue from information software services is recognized based on the percentage of completion method for contractually agreed-upon services provided to clients. As of the balance sheet date, the percentage of completion is based on the engaged time proportion of the total estimated hours contracted. Due to the subjective nature of the management's assessment of the degree of completion, the accountant has ranked the accuracy of software service revenue recognition as one of the year's most important audited items

#### How our audit addressed the matter

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

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

#### ***Other matter – Parent company only financial reports***

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

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lai, Chung-Hsi      Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers,

Taiwan March 24, 2023

**KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

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

**KWONG FONG INDUSTRIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current Liabilities						
2100	Short-term loans	6(13) and 8	\$ -	-	\$ 58,000	2
2130	Current contract liabilities	6(22) and 7	22,143	1	22,062	1
2150	Notes payable		24	-	-	-
2170	Accounts payable	6(14)	7,743	-	8,366	-
2180	Payables to related parties	7	-	-	16	-
2219	Other payables		38,865	1	42,647	1
2230	Income tax payable		169	-	4,081	-
2250	Provision-Current	6(17)	114	-	557	-
2280	Lease liabilities-Current		14,056	-	13,246	-
2320	Long-term liabilities - current portion	6(15) and 8	13,766	-	7,644	-
2399	Other current liabilities		2,368	-	2,346	-
21XX	Total current liabilities		<u>99,248</u>	<u>2</u>	<u>158,965</u>	<u>4</u>
Noncurrent liabilities						
2527	Non-current contract liabilities	6(22)	-	-	228	-
2540	Long-term bank loans	6(15) and 8	564,541	12	71,580	2
2550	Provision-Noncurrent	6(17)	-	-	101	-
2570	Deferred income tax liabilities	6(29)	125,399	3	126,258	3
2580	Non-current lease liabilities		26,236	1	38,143	1
2600	Other noncurrent liabilities		1,088	-	1,089	-
25XX	Total noncurrent liabilities		<u>717,264</u>	<u>16</u>	<u>237,399</u>	<u>6</u>
2XXX	Total liabilities		<u>816,512</u>	<u>18</u>	<u>396,364</u>	<u>10</u>
EQUITY						
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Capital						
3110	Capital stock	6(18)	1,853,422	41	1,853,422	48
Capital surplus						
3200	Capital surplus	6(19)	43,767	1	43,786	1
Retained earnings						
3310	Appropriated as legal capital reserve	6(20)	406,305	9	373,094	10
3320	Appropriated as special capital reserve		76,450	2	76,450	2
3350	Unappropriated earnings		940,173	21	972,129	25
Other equity interest						
3400	Other equity interest	6(21)	290,553	6	87,915	2
31XX	Equity attributable to shareholders of the parent		<u>3,610,670</u>	<u>80</u>	<u>3,406,796</u>	<u>88</u>
36XX	NON-CONTROLLING INTERESTS		<u>66,419</u>	<u>2</u>	<u>72,763</u>	<u>2</u>
3XXX	Total equity		<u>3,677,089</u>	<u>82</u>	<u>3,479,559</u>	<u>90</u>
Significant Contingent Liabilities And Unrecognized Contract Commitments						
Significant Events After The Balance Sheet						
Date						
3X2X	Total liabilities and equity		<u>\$ 4,493,601</u>	<u>100</u>	<u>\$ 3,875,923</u>	<u>100</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent												
	Notes	Retained Earnings				Others					Total	Non-controlling Interests	Total Equity
		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					
<u>Year 2021</u>													
Balance at January 1, 2021		\$ 1,853,422	\$ 43,822	\$ 373,094	\$ 326,700	\$ 732,687	\$ 38,358	\$ 176,864	\$ 3,544,947	\$ 72,790	\$ 3,617,737		
Profit for the year		-	-	-	-	81,863	-	-	81,863	( 599 )	81,264		
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	( 31,410 )	( 95,897 )	( 127,307 )	-	( 127,307 )		
Total comprehensive income (loss)		-	-	-	-	81,863	( 31,410 )	( 95,897 )	( 45,444 )	( 599 )	( 46,043 )		
Appropriation of 2020 earnings													
Cash dividends to shareholders	6(20)	-	-	-	-	( 92,671 )	-	-	( 92,671 )	-	( 92,671 )		
Reversal of special reserve	6(20)	-	-	-	( 250,250 )	250,250	-	-	-	-	-		
Dividends paid to unclaimed by shareholders with claim period elapsed	6(19)	-	( 36 )	-	-	-	-	-	( 36 )	-	( 36 )		
Changes in non-controlling interests		-	-	-	-	-	-	-	-	572	572		
Balance at December 31, 2021		\$ 1,853,422	\$ 43,786	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796	\$ 72,763	\$ 3,479,559		
<u>Year 2022</u>													
Balance at January 1, 2022		\$ 1,853,422	\$ 43,786	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796	\$ 72,763	\$ 3,479,559		
Profit for the year		-	-	-	-	94,462	-	-	94,462	1,794	96,256		
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	125,448	77,190	202,638	-	202,638		
Total comprehensive income (loss)		-	-	-	-	94,462	125,448	77,190	297,100	1,794	298,894		
Appropriation of 2021 earnings													
Legal reserve	6(20)	-	-	33,211	-	( 33,211 )	-	-	-	-	-		
Cash dividends to shareholders	6(20)	-	-	-	-	( 92,671 )	-	-	( 92,671 )	-	( 92,671 )		
Adjustments to share of changes in equity of associates and joint ventures		-	-	-	-	( 536 )	-	-	( 536 )	-	( 536 )		
Dividends unclaimed by shareholders with claim period elapsed	6(19)	-	( 19 )	-	-	-	-	-	( 19 )	-	( 19 )		
Changes in non-controlling interests		-	-	-	-	-	-	-	-	( 8,138 )	( 8,138 )		
Balance at December 31, 2022		\$ 1,853,422	\$ 43,767	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670	\$ 66,419	\$ 3,677,089		

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

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

## ***Introduction***

We have audited the accompanying parent company only balance sheets of Kwong Fong Industries Corporation as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kwong Fong Industries Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" .

## ***Basis for opinion***

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

## ***Key audit matters***

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

Key audit matters of the parent company only financial statements for the year ended December 31 2022 are as follows:

:

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

### Description

As of December 31, 2022, Kwong Fong Industries Corporation holds a subsidiary - Kwong Fong Holdings Limited, with an investment amount of NT\$1,355,274 thousand using the equity method, accounting for 32% of the total assets. It has a significant impact on the individual financial statements of Kwong Fong Industries Corporation. Therefore, the auditor has identified the key audit matter of Fulcrest Limited's financial asset fair value measurement as one of the most important audit matters for the current year.

How our audit addressed the matter

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

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

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

#### Description

As of December 31, 2022, Kwong Fong Industries Corporation holds subsidiaries - Mdb Digital Technology Co., Ltd. and Star Galaxy Digital Co., Ltd., with a total investment amount of NT\$88,725 thousand using the equity method. The revenue of the aforementioned subsidiaries has a significant impact on the individual financial statements of Kwong Fong Industries Corporation. Therefore, the auditor has identified the key audit matter of the accuracy of information software service revenue recognition of the subsidiaries as one of the most important audit matters for the current year.

## How our audit addressed the matter

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

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

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

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

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

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing

standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, reach a conclusion on the appropriateness of the management's use of the going concern assumption and whether there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that such events or conditions exist, the auditor is required to draw attention to the related disclosures in the financial statements in the audit report or, when such disclosures are inadequate, to modify the audit opinion. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Guang Feng Industrial Co., Ltd. to lack the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the components of Kwong Fong Industries Corporation to express an opinion on the individual financial statements. The auditor is responsible for the direction, supervision, and performance of the individual audit engagement, as well as for forming an audit opinion on the individual financial statements.

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

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

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

Lai, Chung-Hsi      Chih, Ping-Chiun  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 24, 2023

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

		(In Thousands of New Taiwan Dollars)			
ASSETS	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents	\$ 260,725	6	\$ 155,950	5
1110	Financial assets at fair value through profit or loss - current	8,410	-	9,731	-
1200	Other receivables	30,634	1	585	-
1220	Income tax assets	314	-	30	-
1410	Prepayments	2,215	-	1,503	-
11XX	Total current assets	<u>302,298</u>	<u>7</u>	<u>167,799</u>	<u>5</u>
<b>NONCURRENT ASSETS</b>					
1517	Financial assets at fair value through other comprehensive income- noncurrent	1,602,091	38	958,739	28
1550	Investments accounted for using equity method	2,276,665	54	2,272,716	65
1600	Property, plant and equipment	4,354	-	6,141	-
1755	Right-of-use assets	17,056	-	21,038	1
1840	Deferred income tax assets	5,758	-	15,729	-
1920	Refundable deposits	41,752	1	40,448	1
15XX	Total noncurrent assets	<u>3,947,676</u>	<u>93</u>	<u>3,314,811</u>	<u>95</u>
1XXX	Total assets	<u>\$ 4,249,974</u>	<u>100</u>	<u>\$ 3,482,610</u>	<u>100</u>

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

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current Liabilities</b>						
2130	Current contract liabilities	6(17) and 7	\$ 127	-	\$ 127	-
2150	Notes payable		24	-	-	-
2200	Other payables	7	12,884	-	9,991	-
2250	Provision-Current	6(12)	114	-	557	-
2280	Lease liabilities-Current		5,770	-	5,285	-
2300	Other current liabilities		357	-	72	-
21XX	Total current liabilities		<u>19,276</u>	-	<u>16,032</u>	-
<b>Noncurrent liabilities</b>						
2540	Long-term bank loans	6(10)	564,541	14	-	-
2550	Provision-Noncurrent	6(12)	-	-	101	-
2570	Deferred income tax liabilities	6(24)	42,652	1	42,353	1
2580	Non-current lease liabilities		11,765	-	16,258	1
2645	Guarantee deposits		1,070	-	1,070	-
25XX	Total noncurrent liabilities		<u>620,028</u>	15	<u>59,782</u>	2
2XXX	Total liabilities		<u>639,304</u>	15	<u>75,814</u>	2
<b>EQUITY</b>						
<b>Capital</b>						
3110	Capital stock	6(13)	1,853,422	44	1,853,422	53
<b>Capital surplus</b>						
3200	Capital surplus	6(14)	43,767	1	43,786	2
<b>Retained earnings</b>						
3310	Appropriated as legal capital reserve	6(15)	406,305	9	373,094	11
3320	Appropriated as special capital reserve		76,450	2	76,450	2
3350	Unappropriated earnings		940,173	22	972,129	28
<b>Other equity interest</b>						
3400	Other equity interest	6(16)	290,553	7	87,915	2
3XXX	Total equity		<u>3,610,670</u>	85	<u>3,406,796</u>	98
<b>Significant Contingent Liabilities And Unrecognized Contract Commitments</b>						
<b>Significant Events After The Balance Sheet Date</b>						
3X2X	Total liabilities and equity		<u>\$ 4,249,974</u>	100	<u>\$ 3,482,610</u>	100

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

KWONG FONG INDUSTRIES CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Net revenue	6(17) and 7	\$ 462	100	\$ 364	100
Operating expenses	6(22)(23) and 7				
6200 General and administrative		( 44,336)	( 9597)	( 43,691)	( 12003)
6000 Total operating expenses		( 44,336)	( 9597)	( 43,691)	( 12003)
6900 Loss from operations		( 43,874)	( 9497)	( 43,327)	( 11903)
Non-operating income and expenses					
7100 Interest income	6(18) and 7	1,082	234	599	164
7010 Other income	6(19)	237,301	51364	140,678	38648
7020 Other gains and losses, net	6(20)	( 87,720)	( 18987)	2,561	704
7050 Finance costs	6(21)	( 8,719)	( 1887)	( 4,245)	( 1166)
7070 Share of profits of subsidiaries and associates	6(4)	4,173	903	( 4,708)	( 1293)
7000 Total non-operating income and expenses		146,117	31627	134,885	37057
7900 Profit before income tax		102,243	22130	91,558	25154
7950 Income tax expense	6(24)	( 7,781)	( 1684)	( 9,695)	( 2664)
8200 Profit for the year		\$ 94,462	20446	\$ 81,863	22490
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)	(\$ 15,718)	( 3402)	(\$ 160,073)	( 43976)
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(4)	105,763	22892	49,542	13610
8349 Income tax benefit (expense) related to items that will not be reclassified subsequently	6(24)	( 12,855)	( 2782)	14,634	4020
8310 Components of other comprehensive income that will not be reclassified to profit or loss		77,190	16708	( 95,897)	( 26346)
Items that may be reclassified subsequently to profit or loss:					
8380 Share of other comprehensive income of associates and joint	6(4)	125,448	27153	( 31,410)	( 8629)

	ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss				
8300	Other comprehensive income (loss), net of income tax				
		<u>\$</u>	<u>202,638</u>	<u>43861</u>	<u>(\$ 127,307) (34975)</u>
8500	Total comprehensive income for the year	<u>\$</u>	<u>297,100</u>	<u>64307</u>	<u>(\$ 45,444) (12485)</u>
EARNINGS PER SHARE					
9750	Basic earnings per share (in 6(25) dollars)	<u>\$</u>	<u>0.51</u>	<u>\$</u>	<u>0.44</u>
9850	Diluted earnings per share (in 6(25) dollars)	<u>\$</u>	<u>0.51</u>	<u>\$</u>	<u>0.44</u>

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

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

(In Thousands of New Taiwan Dollars)

	Notes	Retained Earnings				Others			Total Equity
		Capital Stock Common Stock	Capital Surplus	Legal Capital Reserve	Special Capita Reserve	Unappropriated Earnings	Financial statements Translation differences of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
<u>Year 2021</u>									
Balance at January 1, 2021		\$ 1,853,422	\$ 43,822	\$ 373,094	\$ 326,700	\$ 732,687	\$ 38,358	\$ 176,864	\$ 3,544,947
Profit for the year		-	-	-	-	81,863	-	-	81,863
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	( 31,410)	( 95,897)	( 127,307)
Total comprehensive income (loss)		-	-	-	-	81,863	( 31,410)	( 95,897)	( 45,444)
Appropriation of 2020 earnings									
Cash dividends to shareholders	6(15)	-	-	-	-	( 92,671)	-	-	( 92,671)
Reversal of special reserve	6(15)	-	-	-	( 250,250)	250,250	-	-	-
Dividends paid to unclaimed by shareholders with claim period elapsed	6(14)	-	( 36)	-	-	-	-	-	( 36)
Balance at December 31, 2021		\$ 1,853,422	\$ 43,786	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 1,853,422	\$ 43,786	\$ 373,094	\$ 76,450	\$ 972,129	\$ 6,948	\$ 80,967	\$ 3,406,796
Profit for the year		-	-	-	-	94,462	-	-	94,462
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	125,448	77,190	202,638
Total comprehensive income (loss)		-	-	-	-	94,462	125,448	77,190	297,100
Appropriation of 2021 earnings									
Legal reserve	6(15)	-	-	33,211	-	( 33,211)	-	-	-
Cash dividends to shareholders	6(15)	-	-	-	-	( 92,671)	-	-	( 92,671)
Dividends unclaimed by shareholders with claim period elapsed	6(14)	-	( 19)	-	-	-	-	-	( 19)
Adjustments to share of changes in equity of associates and joint ventures	6(4)	-	-	-	-	( 536)	-	-	( 536)
Balance at December 31, 2022		\$ 1,853,422	\$ 43,767	\$ 406,305	\$ 76,450	\$ 940,173	\$ 132,396	\$ 158,157	\$ 3,610,670

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

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

(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 102,243	\$ 91,558
Adjustments for			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(22)	7,047	7,552
Net gain on financial assets at fair value through profit or loss	6(20)	4,391	( 2,793 )
Interest expense	6(21)	8,719	4,245
Interest income	6(18)	( 1,082 )	( 599 )
Dividend income	6(19)	( 221,113 )	( 136,796 )
Share of profits of subsidiaries and associates	6(4)	( 4,173 )	4,708
Evaluation of unrealized exchange losses on foreign currency loans	6(27)	12,852	-
Gain on lease modification	6(20)	-	( 18 )
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Other receivables		( 29,599 )	-
Prepayments		( 712 )	( 563 )
Changes in operating liabilities			
Contract liabilities		-	( 239 )
Notes payable		24	-
Other payables		( 5,487 )	( 61 )
Provision		( 544 )	( 2,790 )
Other current liabilities		285	( 150 )
Cash out generated from operations		( 127,149 )	( 35,946 )
Interest received		636	599
Cash dividend received		446,912	296,796
Interest paid		( 340 )	( 3,006 )
Income tax paid		( 10,650 )	( 4,434 )
Net cash generated by operating activities		<u>309,409</u>	<u>254,009</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income		( 698,419 )	( 934,893 )
Acquisition of financial instruments at fair value through profit or loss		( 336,221 )	( 5,620 )
Disposal of financial instruments at fair value through profit or loss		336,328	5,613
Proceeds from capital reduction of investments accounted for using equity method	6(4)	5,100	1,000,000
Acquisition of property, plant and equipment	6(5)	-	( 5,686 )
Disposal of property, plant and equipment		-	13
Increase in refundable deposits paid		( 8,000 )	( 42,000 )
Decrease in refundable deposits paid		3,515	32,610
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(3)	<u>39,349</u>	<u>-</u>

Net cash generated by (used in) investing activities		( 658,348 )	50,037
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in short-term loans	6(27)	-	( 35,000 )
Decrease in short-term bills payable	6(27)	-	( 120,000 )
Repayment of long-term bank loans	6(27)	( 24,547 )	( 297,823 )
Proceeds from long-term bank loans	6(27)	576,236	296,763
Decrease in guarantee deposits received	6(27)	-	( 2,783 )
Repayment of the principal portion of lease liabilities	6(27)	( 5,285 )	( 5,720 )
Cash dividends	6(15)	( 92,671 )	( 92,671 )
Expired unclaimed dividends transferred to capital surplus	6(14)	( 19 )	( 36 )
Net cash generated by (used in) financing activities		453,714	( 257,270 )
Net increase in cash and cash equivalents		104,775	46,776
Cash and cash equivalents at beginning of year		155,950	109,174
Cash and cash equivalents at end of year		<u>\$ 260,725</u>	<u>\$ 155,950</u>

**Attachment 5****Kwong Fong Industries Corporation****Earnings Distribution Statement**

2022

Unit: NTD

Item	Amount	Remarks
Beginning undistributed earnings	846,246,483	
Increase (decrease):	(535,500)	
Changes in investments accounted for using the equity method		
Net profit after tax for 2022	94,461,580	
Subtotal	940,172,563	
Provisions:		
Legal reserves (10%)	9,392,608	
Distributable earnings for the year – subtotal	930,779,955	
Distributions:		
Shareholder dividends – cash dividend (NT\$0.5 per share)	92,671,084	
Undistributed earnings at the end of the period	838,108,871	

Chairperson: Leo Ho

Manager: Huang Li-Ling

Accounting Manager: Chen Su-Ching

## Attachment 6

# Kwong Fong Industries Corporation Rules of Procedure of Shareholders' Meeting

Formulation Date: May 31, 2023

### Article 1

These Rules have been established in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in order to build a strong board governance system for shareholders' meetings and robust supervisory capabilities and reinforce management capabilities for the Company.

### Article 2

Unless otherwise specified by law or the Articles of Incorporation, shareholders' meetings of the Company shall proceed according to the terms of these Rules.

### Article 3

Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice. Matters regarding the Company's Shareholders' Meeting notice and preparation and uploading of the meeting handbook are carried out by the Company Act, Securities and Exchange Act, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, and other regulations promulgated by the competent authority.

The Company shall make the meeting handbook and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared in electronic form on the virtual meeting platform.
- III. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, changes to the articles of association, capital reduction, application for suspension of public offerings, directors' competition approval, capital increase from earnings, capital increase from reserves, company dissolution, merger, division, or any circumstance in paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and explained in the reason for the convening, and shall not be proposed via an extraordinary motion.

Where the re-election of all directors, as well as their inauguration date, is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

Shareholders who hold over 1% of the total issued shares may propose issues in the Company's annual general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date, before an annual general meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. During the shareholders meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.

#### Article 4

Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.

Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Should the shareholder decide to attend a virtual-only shareholders' meeting after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw the proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

#### Article 5 (Principles determining the place and time of a shareholders' meeting)

Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm. Independent directors' opinions on the meeting place and time shall also be fully considered.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

#### Article 6 (Preparation of documents such as the attendance book)

The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors, and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registration takes place shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed to have attended the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

The Company shall provide an attendance ledger for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in.

The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders meeting. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

#### Article 7 (The chair and non-voting participants of a shareholders' meeting)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors. When the Chairperson is on leave or for any reason unable to exercise the powers of the chairperson, an acting chairperson shall be chosen in the manner specified by the Company Act.

The chairperson position mentioned above shall be assumed by a director, who has been on the board for more than six months and possesses adequate understanding of the Company's financial and business performance. The same applies if the chairperson is a representative of a corporate director.

Shareholders' meetings convened by the Board of Directors shall be chaired by the Chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two present.

The Company may summon its lawyers, certified public accountants, or any relevant personnel to be present at shareholder meetings.

#### Article 8 (Documentation of a shareholders' meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

These recordings must be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

#### Article 9

Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 6.

If the attending shareholders represent more than half of the total issued shares before the end of the meeting, the chair is to make a tentative resolution and re-submit it for a shareholder's vote in accordance with Article 174 of the Company Act.

#### Article 10

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

For the meeting that is convened by the ones with the convening authority outside of the board, the aforementioned rule still applies.

The chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with

statutory procedures, by agreement of a majority of the votes represented by the attending shareholders and then continue the meeting.

The chairman shall give proposals and shareholder proposed revisions or extraordinary motions sufficient time for clarification and discussion. Once the chairman perceives that voting can proceed, the chairman shall stop the discussion and initiate the voting.

#### Article 11 (Shareholder's speech)

Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance card number), and account name; the order in which shareholders speak will be set by the chair.

The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement.

When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder. Violators shall be halted by the chairman.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving speech for a motion.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 through 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

#### Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting.

A shareholder who has a personal interest with the agenda of the meeting which may result in a conflict of interest with the Company shall not participate in the voting, nor shall he/she act on behalf of other shareholders to exercise the voting rights of other shareholders.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Other than the trusts or securities agencies approved by the authorities, a person representing more than two shareholders as a proxy cannot have the shares exceeding three percent of the total voting shares. The exceeded voting rights will not be counted.

## Article 13

Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.

Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. Votes shall be cast by shareholders on a proposal-by-proposal basis. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the number of votes for and against and the number of abstentions, shall be entered into the MOPS.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.

The monitoring and counting personnel for the voting should be assigned by the chair, and the monitoring personnel should have a shareholder status.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and made into record.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and the results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

#### Article 14

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and the number of votes they received.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

#### Article 15

The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically.

The distribution of the aforementioned resolutions can be entered into the Market Observation Post System to be publicly announced.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. These records are to be kept permanently during the Company's existence.

#### Article 16 (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

The Company must disclose on the MOPS in a timely manner any shareholders' meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The chair may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

For venues that are equipped with broadcasting equipment, the chairman shall halt any shareholder that make statements from equipment not allocated to the Company.

Shareholders in violation of the rules and disobeying correction by the chair to disrupt the meeting are asked to leave the venue and will be escorted out by the proctors or the security personnel.

Article 18 (Recess and resumption of a shareholders' meeting)

The chair may announce a break time during the meeting at his/her discretion. The chair is to rule a meeting suspension due to force majeure and announce another time to resume the meeting as appropriate.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

The shareholders may decide to postpone or continue the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

# Nine. Appendixes

## Appendix 1

### Kwong Fong Industries Corporation

#### Articles of Incorporation

##### One. General Provisions

Article 1: The Company is a company limited by shares duly incorporated under the Company Act, and shall have the name “廣豐實業股份有限公司” in the Chinese Language and “Kwong Fong Industries Corporation” in the English language.

Article 2: The Company mainly engages in the following industries:

I. F399990 Retail sale of Other Integrated

II. F401010 International Trade

III. H701010 Housing and Building Development and Rental

IV. H701040 Specific Area Development

V. H701050 Investment, Development, and Construction in Public Construction

VI. J901011 Tourist Hotel

VII. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3. The head office of the Company is located in Taipei City. If necessary, branch offices, branch plants, and branch operations may be established at home and/or abroad by the resolution of the Board of Directors.

Article 4: The Company's total reinvestment amount is not subject to the restrictions stipulated in Article 13 of the Company Act. The Company may make endorsements or guarantees for others if the business requires so.

Article 5: The means by which the Company makes announcements shall be in accordance with related laws and regulations.

##### Two. Shares

Article 6: The Company has an authorized capital of six billion New Taiwan dollars, divided into six hundred million shares. Each share has a face value of ten New Taiwan dollars. The Board of Directors is authorized to issue such shares in installments according to law.

Article 7: All of the Company's shares shall be registered ones, and shall bear a serial number and the signature or seal of the director representing the Company, and may be issued after being duly certified.

Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.

Article 8: The transfer, ownership transfer, inheritance, bestowal, creation of pledge, loss, and destruction of the Company's shares or other share-related affairs shall be carried out in accordance with the Company Act and relevant laws and regulations.

Taiwan Depository & Clearing Corporation may request that share certificates be consolidated and exchanged for larger denomination security certificates.

### Three. Shareholders' meeting

Article 9: Shareholders' meetings of the Company are of two types, namely, annual general meetings and special meetings, which shall be convened by law.

At the Company's shareholders' meeting, shareholders may exercise their voting rights by correspondence or electronic means.

Article 10: A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under the Company Act or other laws and regulations.

Article 11: Except otherwise provided by the Company Act, the Shareholders' Meeting shall be chaired by the Chairperson, or by an acting chair when the Chairperson cannot perform such duties for any reason, in which case matters shall be conducted in accordance with the Company Act.

### Four. Directors and supervisors

Article 12: The Company shall have five to nine directors whose term of office shall be three years. They shall be elected via the candidate nomination system by the Shareholders' Meeting from among those with disposing capacity and may be eligible for re-election. The Company may purchase liability insurance policies that cover the liabilities that might be incurred by directors and supervisors performing their duties during their term of service.

At least half of all directors of the Company may not have the following relationship with one another:

I. Spouse.

II. Relative within the second degree of kinship.

Of the said number of directors, at least two shall be independent directors, who shall constitute at least one-fifth of all directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.

Directors shall assemble the Board of Directors, which shall carry out all the Company's business in accordance with laws and regulations, the Company's Articles of Incorporation, and resolutions of the Shareholders' Meeting. They shall elect from among themselves a Chairperson in accordance with Article 208 of the Company Act who represents the Company; they shall also elect a vice chairperson. If the Chairperson is unable to perform his/her duties for any reason, the Vice Chairperson shall act as an acting chairperson; if the Vice Chairperson is unable to perform his/her duties, the directors shall elect an acting chairperson from among themselves.

The Company has set up the "Audit Committee" in accordance with Article 14-4 of the Securities and Exchange Act. Matters relating to the number, office terms, duties, and rules of meeting proceedings with respect to the Audit Committee shall be specified in the Audit Committee Charter, which is formulated by the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Article 13: The Company may pay directors the transportation fee on a monthly basis, regardless of being in profit or loss; such amount shall be determined by the Board of Directors. The Board of Directors is authorized to determine the remuneration for the Chairperson and directors based on the extent of their participation in, and contribution to, the Company's operations, and by referencing the industry standards among peers.

Article 14: The total number of registered shares held by all directors of the Company shall be in accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the Financial Supervisory Commission.

Article 15: A director may designate another director as a proxy to attend a Board of Directors meeting on his/her behalf; however, such a proxy may represent only one director at the maximum.

The notice of the convening of board meeting can be made in writing, e-mail or fax.

#### Five. Employees

Article 16: The Company shall have one president and several managers; the appointment, dismissal, and remuneration thereof shall be in accordance with the Company Act. Managers shall be empowered to manage the operation of the company and to sign relevant business documents for the company, subject to the scope of his/her duties assigned separately by the Board of Directors.

#### Six. Accounting

Article 17: The Company’s Board of Directors shall compile the following documents at the end of a fiscal year and submit them to the annual general meeting for ratification.

(I) Business Report; (II) Financial Statements; (III) proposal to distribute earnings or compensate for prior losses.

Article 18: If the Company has profits in a given year, it shall allocate 0.1%–2% of such profits as employee remuneration and no greater than 1% as director remuneration (except for that for independent directors). However, if the Company has an accumulated loss, an amount equal to such loss shall be reserved in the first place. Those entitled to employee remuneration in the form of stocks or cash may include employees of a controlled or affiliated company who meet certain criteria.

Article 19: If the Company has earnings in the final account statements, such earnings shall be used to pay tax and compensate for accumulated losses in the first place; of the retained earnings, 10% shall be set aside as legal reserves in the second place, a portion may be provided as special reserves or retained earnings if necessary, and then the rest amount may be used to distribute shareholder dividends. The distribution content must be passed by the Shareholders’ Meeting. 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.

## Seven. Supplementary Provisions

Article 20: Matters not provided in this Articles of Incorporation shall be conducted by the Company Act.

Article 21: This Articles of Incorporation was established on June 11, 1968; amended on October 16, 1969 for the first time; August 2, 1972 for the 2nd time; December 25, 1972 for the 3rd time; May 19, 1974 for the 4th time; January 30, 1975 for the 5th time; June 11, 1975 for the 6th time; October 1, 1975 for the 7th time; February 11, 1976 for the 8th time; May 12, 1977 for the 9th time; April 12, 1978 for the 10th time; August 22, 1978 for the 11th time; April 22, 1979 for the 12th time; August 27, 1979 for the 13th time; April 22, 1980 for the 14th time; June 12, 1981 for the 15th time; May 26, 1982 for the 16th time; June 29, 1983 for the 17th time; June 14, 1984 for the 18th time; June 28, 1985 for the 19th time; June 19, 1986 for the 20th time; June 30, 1987 for the 21st time; April 25, 1988 for the 22nd time; May 8, 1989 for the 23rd time; June 5, 1990 for the 24th time; April 18, 1991 for the 25th time; June 30, 1994 for the 26th time; June 16, 1994 for the 27th time; May 10, 1995 for the 28th time; April 26, 1997 for the 29th time; May 19, 1998 for the 30th time; June 27, 2000 for the 31st time; June 27, 2002 for the 32nd time; June 27, 2003 for the 33rd time; June 28, 2005 for the 34th time; June 23, 2006 for the 35th time; June 29, 2010 for the 36th time; June 24, 2014 for the 37th time; June 30, 2015 for the 38th time; June 30, 2016 for the 39th time; June 28th, 2017 for the 40th time; June 29th, 2018 for the 41st time; June 26th, 2019 for the 42nd time; and July 1, 2021 for the 43rd time. The Articles of Incorporation and any amendment thereto were enforced after being submitted to, approved by, and registered with, the competent authority.

## Appendix 2

### Kwong Fong Industries Corporation

#### Rules of Procedure for Shareholders' Meetings (revoked)

Article 1: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law or regulation, shall be as provided in these Rules.

Article 2: "Shareholders" as referred to herein means the shareholders or the proxy they designate.

Article 3: Shareholders attending the meeting shall bring the attendance card with them and hand in a sign-in card in lieu of signing in. The submission of the sign-in card to the Company is deemed that the shareholders or their proxy specified on the sign-in card have attended the meeting in person; the Company is not responsible for verifying the identity of the person who submits the sign-in card.

Article 4: Attendance and voting at a shareholders' meeting shall be calculated based on the number of shares.

The number of shares in attendance is counted based on the attendance book or the submitted attendance card, together with the shares with the written or electronic voting rights.

Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving speech for a motion.

Article 5: The venue for a shareholders' meeting shall be the premises of the Company or its plants, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors. When the Chairperson is on leave or for any reason unable to exercise the powers of the chairperson, an acting chairperson shall be chosen in the manner specified by the Company Act.

If a shareholders' meeting is convened by a party with the power to convene but other than the Board of Directors, the convener shall chair the meeting. When there are two or more such conveners, they shall mutually select a chair from among themselves.

Article 7: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, a tentative resolution may be adopted according to Article 175, Paragraph 1 of the Company Act. If the attending shareholders represent more than half of the total issued shares before the end of the meeting, the chair shall submit the tentative resolution to the Shareholders' Meeting for a vote in accordance with Article 174 of the Company Act.

- Article 8: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. For the meeting that is convened by the ones with the convening authority outside of the board, the aforementioned rule still applies. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. The chair may declare the meeting adjourned if it is not possible for the meeting to proceed in a normal manner due to chaotic order at the meeting or other instances. After the conclusion of the meeting, shareholders may not elect a chair to continue the meeting at the original meeting venue or another place.
- Article 9: Except for the proposals on the agenda, if a shareholder wishes to put forward a new proposal, or an amendment or alternative to the original proposal, such a proposal, amendment, or alternative must be seconded by other shareholders and the proposing shareholder and the seconding shareholders must possess no less than 2 thousandths of total issued shares; the content of the proposal may be read out by the chair or the master of ceremonies.
- Article 10: If any shareholder proposes a head count, the chair may ignore such a proposal. If the quorum has been met at the time of a vote on a proposal, the proposal is deemed to have been passed.
- Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, and his/her attendance card number and name. The order in which shareholders speak will be set by the chair. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. In the case where shareholders restrict the powers of their proxy by executing a proxy form or by other means, the speech and vote by the proxy shall prevail, irrespective of whether the Company is informed of such restrictions.
- Article 12: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. Those refusing to heed the chair's call to stop shall be dealt with by Article 21, Paragraph 2 herein.
- Article 13: After an attending shareholder speaks, the chair shall personally answer or designate a person to answer.
- Article 14: Nothing other than a proposal will be discussed or voted on. When a proposal is discussed, the chair may declare the discussion closed. Proposals for which the chair has declared the discussion session closed and the voting session opened may be voted at the same time, but the votes shall be cast separately among proposals.
- Article 15: Except as otherwise provided in the Company Act and in the Company's Articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.  
A proposal put into a vote is deemed passed if no objection is given after the chair consults all the shareholders.  
Attending shareholders consenting to the proposals on the handbook provided by the Board of Directors may give the ballots for the proposals to which they consent to the

vote counting personnel to save the vote counting time. Thereafter, a proposal acquiring the required number of votes shall also be deemed passed.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which it will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

A new proposal or an amendment or alternative to the original proposal that is proposed by a shareholder must be seconded by other shareholders and the proposing shareholder and the seconding shareholders must possess no less than 1 hundredth of the total issued shares.

Article 16: A shareholder is entitled to one vote for each share in possession.

Article 17: Except as otherwise provided in the Company Act and in the Company's Articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Article 18: The monitoring and counting personnel for the voting should be assigned by the chair, and the monitoring personnel should have a shareholder status. Voting results shall be made known on-site immediately and recorded in writing.

Article 19: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

Article 20: The Company shall audio or video record the whole meeting proceedings, and shall keep the audio or videos for at least one year.

Article 21: The chair may direct proctors or security personnel to help maintain order at the meeting venue. The proctors or security personnel who help maintain order at the meeting place shall wear an identification card or armband bearing the word "Proctor." Shareholders shall follow the instructions of the chair, proctor, or security personnel that aim to maintain order. When a person violates the rules of procedure and defies the correction, refusing to heed calls to stop, the chair, the proctors, or the security personnel may escort the person from the meeting.

Article 22: When a meeting is in progress, the chair may announce a break based on time considerations

Article 23: Matters not provided herein shall be carried out according to the Company Act and other applicable laws and regulations.

Article 24: These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

## Appendix 3

### The minimum number of shares held by all directors of Kwong Fong Industries Corporation and the shareholding situation

Since the Company's paid-in capital is NT\$1,853,421,680 (185,342,168 shares), the directors as a whole shall hold no less than 11,120,530 shares of registered shares.

#### Kwong Fong Industries Corporation Shareholding Status of Directors

Book-close date: April 2, 2023

Title	Name	Number of shares held as indicated on the shareholders' register on the book closure date
Chairperson	Leo Ho	12,772,701
Director	Ho Ming-Hong Corporate representative of Luo Sheng Tai Co., Ltd.	1,063,180
Director	Chiu Wen-Ta Corporate representative of Luo Sheng Tai Co., Ltd.	1,063,180
Director	Liu Shiang Corporate representative of Hann Fong Investments Co., Ltd.	1,306,435
Director	Chen Cheng-Te Corporate representative of Hann Fong Investments Co., Ltd.	1,306,435
Independent director	Ho Chin-chih	0
Independent director	Kuan Chi-Jui	0
Independent director	Liu Wei-Ting	0