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Stock Code: 2501



國泰建設股份有限公司
Cathay Real Estate Development Co., Ltd

2023 Annual Report

Printed on March 30, 2024

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Chapter 1. Letter to Shareholders

I. 2023 Operating Results

(I) Results of the implementation of the business plan for 2023

In view of the circumstances of foreign trade in 2023, Taiwan's rate in economic growth displayed continuous decline within the first quarter; due to factors such as tight monetary policies in the United States and Europe, China's unsatisfactory performance in post-pandemic recovery, and various geopolitical conflicts. Fortunately, export volumes recovered by the fourth quarter, thus driving enhanced confidence in private investment. Conversely on the aspect of domestic demand, after completely overcoming the global impact of the pandemic, and expansionary trend was demonstrated and became the main pillar supporting the annual economic performance for the year.

Coinciding with a major election year in Taiwan, throughout the year 2023, the housing market has been suppressed by frequent anti-speculation policies, including interest rate hikes and tightened credit controls by the Central Bank. However, on the bright side there was a noticeable increase in property purchases before the ban on pre-sale house transfers; and in the second half of the year, transaction volumes were boosted by the needs of suppressed buyers taking the wait-and-see approach. Due to rising costs, the transaction prices of real estate have also remained stable.

Several new construction projects were launched in 2023, including "Cathay Minle" in New Taipei City and "Cathay Meihe" in Taiching. Due to product planning meeting market requirements, sales performance outcome was satisfactory. In terms of revenue, the recorded constructions included four new projects: "Cathay Fenghe" and "Cathay Fengshuo" in New Taipei, "Cathay Huawei Fengnian" in Taipei, and "Cathay Chuangqing" in Taoyuan, as well as the unsold portions from the previous year; amounting the total annual revenue of approximately NT\$6,829,150,000.

(II) Budget Implementation

There was no budget implementation in 2023 due to undisclosed financial forecasting.

(III) Please refer to pages 155-164 for the analysis of financial revenue and profitability in 2023.

(IV) Research and Development Status

As of the current stage, the high cost of raw materials remains a significant issue faced by the real estate market. By monitoring shifts in the labor and material field, reviewing standard construction costs, and refining the grading of building materials and equipment to increase competitiveness, the Company keeps up its efforts to improve cost

management and organizational efficiency. Furthermore, as consumer awareness and product information become increasingly transparent, the Company continues to incorporate digital transformation to increase product and service value and deepen brand impact while consolidating its core business. In terms of future development strategies, in addition to planning advantageous designs and layouts, the Company considers the needs of different generations and incorporates them into product planning to better meet client expectations. With the goal of providing customers with a high-quality living experience, comprehensive quality management is implemented through introducing a three-level quality control system, adopting standard operating procedures and cultivating professional talents through internal and external exchanges. In 2024, the Company will commemorate its 60th anniversary. In honor of this milestone, a number of celebratory events will be hosted, including brand image microfilms and online media promotions, to broaden its audience and foster connection with diverse customer groups, ultimately achieving positive word-of-mouth marketing outcomes. The Company has also long been committed to studying recent developments within the real estate sector. Developed through closely examining and analyzing newly launched real estate projects in the market, the “Cathay Real Estate Index” was published in partnership with academic institutions. Along with publishing survey findings, the Company has grown to become a significant source of information on Taiwan’s real estate trends by acting as a guide for the public’s home purchasing and investment decisions.

II. A Summary of the Business Plan for 2024

Under the assumption that inflation remains stable in 2024, private consumption on the domestic demand is expected to hold steady performance. According to predictions by the Directorate-General of Budget, Accounting and Statistics, as well as major economic research institutions, the domestic economic growth rate in 2024 is expected to be around 3.35%, benefiting from the domestic real negative interest rate environment and abundant excess savings. It is predicted that there will be limited room for housing price drops, given the high construction and material prices, as well as the net-zero policy that will drive up costs. The “Preferential Housing Loans for the Youth” which is available till 2026, is able to act as a stimulus for the housing market, further attracting self-use buyers as the main transaction volume and thus demonstrating strong post-pandemic consumer demand.

(I) Business policy, expected sales and basis for the current year

2024 marks the 60th anniversary of our Company as we plan to launch projects in Neihu, Taipei, Zhonghe, Xinzhuang and Sanchong in New Taipei, as well as one project each in Taichung and Tainan. A total of six projects will be launched nationwide, and sales are expected to reach a new high with the combined project expenses exceeding NT\$40 billion. The Company’s project launch rhythm will be adjusted according to the economic

situation while we continue to increase land reserves through diversified development methods, steadily proceeding towards our aim of being a comprehensive developer.

As building material and labor costs rises and impacts the industry, the Company will persist to acquire land in prime locations, cautiously select partners and related manufacturers, and carry on with pursuing the goal of providing consumers with excellent housing options. After the pandemic and boost in domestic tourism, the public is paying more attention to health-related issues. Therefore, in addition to construction, the real estate group will continue to actively expand its revenue landscape in both tourism and health management in order to meet the post-pandemic demand.

(II) The Company's important production and sales policies this year

1. Moving towards a comprehensive developer

Looking back on the previous three years' efforts and reviewing the goals of the five-year plan goals set in 2021, which consists of quality performance, expanding our reach, and sustainable branding; with concrete plans we have achieved the remarkable result of over NT\$20 billion in our core business in the first year of the plan. Further expanding our real estate group's footprint in the second year, we acquired San Ching Engineering as a subsidiary of the company, as well as increasing our growth and revenue while actively reserving land inventory. In order to secure our first government-initiated urban renewal project, strategic alliances with partners were established. Through partnerships with commercial establishments and other resources, we are also now presented with more options and prospects for mixed-use developments.

2. Sixty Years of Expertise, Continuous Innovation

Besides being the fourth year of our five-year plan, 2024 also marks the 60th anniversary of Cathay Real Estate Development. We continue to anticipate Cathay Real Estate's progress towards a stable and sound comprehensive developer, while focusing on internal organizational strengthening, successfully passing on our experiences through systematic organization, refined cost optimization and knowledge management. As the Company enters its sixth decade, we are optimistic that under cross-departmental cooperation, emphasis will be placed on sustainable operations and talent cultivation, thus generating new revenue peaks and positive prospectives. Maximum overall efficiency will be achieved through integration of the Group's resources.

III. Future Development Strategy

(I) Short-term development strategy

1. Deeply cultivate the Company's excellent brand value
2. Diversified compound land development strategies
3. Optimize product planning to create sales
4. Implement knowledge management digital transformation
5. Enhance customer service and stabilize company reputation
6. Continue to diversify into investment management

(II) Long-term development strategy

1. Strengthen the Company's sustainable brand value
2. Comprehensive development opportunities with multi-angle layout
3. Planning for sustainable energy-saving and carbon-reducing buildings
4. Refine the overall quality of engineering technology
5. Impressive after-sales service to improve living standards
6. Steady and diversified business operation growth

IV. Influences from External, Regulatory and Overall Business Environment

(I) External competition environment

In view of market supply and demand, according to statistics from the Construction and Planning Agency of the Ministry of the Interior, as of the end of 2023, the total floor area of residential units obtaining building permits nationwide decreased by 23% by the end of 2023, as compared 2022; ending a streak of six consecutive years of positive growth. Land transaction volume fell by more than 40% year on year; reaching a six-year low, owing to tight funding factors, insufficient momentum for land acquisition, and developer's conservative and cautious attitude towards the future development of the housing market.

According to the Cathay Real Estate Index quarterly report, influenced by factors such as interest rate hikes and the release of unfavorable policy news, the lowest transaction volume in five years was recorded, largely influenced by the buyers' wait-and-see attitude. However, benefiting from the Central Bank's temporary pause in interest rate hikes, favorable mortgage policies, and export recovery, the domestic housing market rebounded within the second half of the year, making up for the depletion in the first half and alleviating recession concerns driven by the divergence between prices and volume. In terms of annual performance, a pattern of rising prices and declining volume was observed. Expectations for 2024 remains high, with the evident recovery of exports in the

new year, the prospects of domestic housing prices maintaining an upwards momentum is highly probable. A growth of stable volume and moderate price increase is anticipated as the recent housing market benefits from favorable mortgage policies, and the need for residential real estate returns to self-occupancy.

(II) Regulatory environment

1. Urban planning regulations

The government continues to invest efforts in improving policies related to urban renewal and reconstruction of old and unstable structures. In addition to the 2022's Executive Yuan's approval of the extension of the tax incentives for aged buildings until 2027, the Ministry of the Interior has also proposed draft amendments to the regulations on said buildings, hoping to enhance the efficiency of public property participation in renewal projects for old and dangerous buildings, and leading to a considerable increase in the number of such cases handled by county and municipal governments in recent years. Furthermore, tax incentives for urban renewal projects will be implemented in 2023, accelerating the completion of local urban renewal projects, as well as the beautification of urban landscapes.

2. Other regulations

The Executive Yuan has successively introduced policies such as the "Sound Real Estate Market Program" and the "Actual Price Registration 2.0" to address the pre-sale housing red card transactions and price fluctuations that have occurred in recent years. In early 2023, the government reinforced regulations on the resale of pre-sale housing and private entity acquisitions by amending the Equalization of Land Rights Act, with the goal of reducing investor speculation and stabilizing the housing market. Fortunately, a favorable boost was provided by the adoption of the "New Youth Housing Loan" policy in mid-2023, which shifted demand towards rigid buyers and lessened the impact of regulatory measures on the real estate sector. However, as the Central Bank's timeline for monetary easing remains unpredictable, and the "Hoarding Tax 2.0" is expected to go into force in July 2024, the suppressive effects on the housing market will continue to be actively monitored and analyzed.

(III) Overall operation environment

In 2023, The number of housing transactions in the six municipalities was 246,000, a 23% reduction from the previous year and marking the second consecutive year of decline. While the growth of outstanding construction and housing loans has slowed, the total amount continues to approach new record highs, and overall transaction volume remains at a high since the 2016 low point. On the contrary, as global central banks enters a rate

hike cycle, purchasing enthusiasm continues to weaken, leading the real estate market to undergo its first significant cooling phase since the start of the current bull cycle.

As we look ahead to 2024, global growth is likely to remain robust next year as stable employment performance paired with the pace of entering the rate-cutting cycle, will drive the U.S. economy forward with a moderate growth tone, boosting the performance of major countries simultaneously. In terms of the domestic conditions, the Taiwan Institute of Economic Research forecasts that the GDP growth rate will remain positive, as overall export value has returned to positive growth, indicating the end of product destocking. The Directorate-General of Budget, Accounting and Statistics also anticipates that as Taiwan's export value increased in the following year, the economy would recover from its low base period in 2023.

Overall, with domestic prices remaining relatively stable and the Central Bank of Taiwan maintaining their interest rates, the annual growth rate of new mortgage loans extended by Taiwan's five major banks maintained its upward trajectory, indicating that consumer demand has gradually emerged, injecting stable transaction momentum into low-priced housing products. With the possibility of economic performance continuously improving in 2024 and negative real interest rates sustaining, demand for capital allocation and positive development within the housing market is expected to persist.

Chairman: Chang, Ching-Kuei

Chapter 2. Company Profile

I. Date of Incorporation

Founded on September 14, 1964; incorporated upon approval of Ministry of Economic Affairs on December 1, 1964.

II. Company History

In view of the social stability, spread of education, economic growth and increase in population, as well as the serious shortage of housing in the 1960s, the Company was prepared to set up for construction of national residences on June 1, 1964. On July 3, in the same year, the Company conducted the public offering upon the approval of the Order of Securities and Exchange Commission (SEC) (53) No. 520, and the capitalization was NT\$100 million, divided into 10 million shares for public issue. The Company was ready to be listed with stock approved on March 5, 1965, and developed into a formal listed company upon approval with flourishing business and steady finance on October 28, 1967.

Over the years, the Company has always been adhering to the concept of “integrity, professionalism and prudent operation.” Although going through many fluctuations in the past, it can still develop and thrive in a fiercely competitive market. With the care and support of the majority of customers and the efforts of all employees, the Company has developed into a domestic large-scale construction company. Now the Company’s business has covered all major metropolitan areas and built more than 50,000 houses in various types in Taiwan.

For the propose of improving the domestic real estate information, the “Cathay Real Estate Index” has been compiled by the Company with the Real Estate Research Center of the National Chengchi University since the end of 2002. It is released quarterly and has become one of the real estate information with the highest reference value in the society.

In terms of re-investment, the Company established the Cathay Real Estate Management Co., Ltd. in 2005, which merged into Shihua International Leasing Co., Ltd. with Lin Yuan Property Management Co. Ltd. and San Ching Engineering Co., Ltd. in July 2011, completing the layout of the upstream, middle and downstream industries of the real estate. In order to expand the brand value, it has been committed to providing a full range of real estate services to enhance the group's synergy. In order to increase the stable long-term income, the Company has actively engaged in the development of new businesses, including Cathay Healthcare Management Co., Ltd., Cathay Hospitality Management Co., Ltd., Cathay Hospitality Consulting Co., Ltd., Cymbal Medical Network Co., Ltd., Cymder Co., Ltd., Cymlin Co., Ltd. In addition, it merged Linyuan Apartment Building Management and Maintenance Co., Ltd. in 2020 and San Ching Engineering Co., Ltd. in 2022 to lower the costs and enhance competitiveness, and jointly established a real estate development company with Mitsui Fudosan (Taiwan) Co., Ltd. reinvested by Mitsui Fudosan Realty Co., Ltd. (established Jinhua Realty Co., Ltd. in 2020,

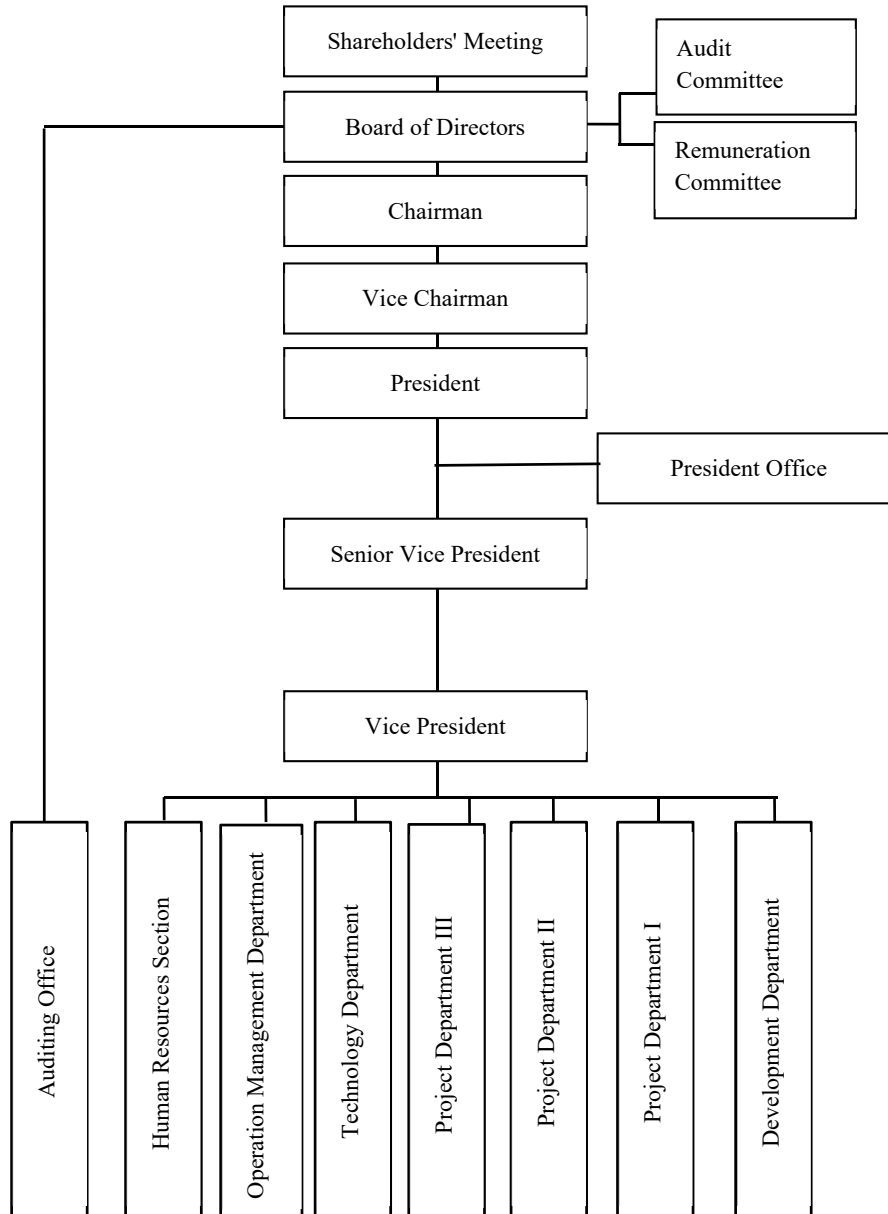
Bannan Realty Co., Ltd. in 2020, Sanchong Realty Co., Ltd. in 2021 and Zhulun Realty Co., Ltd. in 2022). Furthermore, through the purchase of shares of San Hsiung Fongshan LaLaport Co., Ltd., the Company aims to enhance its commercial operation experience and expand its business footprint. At present, the re-investment business of the Company has been steady. Among them, the health management business actively considers value-added service products and platforms, design and implement novel approaches to health service development, as well as promote a variety of health awareness services to expand energy; for the healthcare business, the Company continues to expand and build complete healthcare services, combined with the four-in-one customized service series of health examination, aesthetic medicine, postpartum care, and clinics, and stationed in Hsinchu to create a smart health ecosystem. We also strive to achieve the goal of being a health management consulting company that combines preventive medicine expertise with innovative technology; in terms of the hospitality business, in order to strengthen vertical integration and professional division of labor, Cathay Food & Beverage Group Co., Ltd. was established to expand the foothold of hotel management consulting and catering businesses, and the hospitality business is keeping deepening the brand value and enhancing customer loyalty through diversified marketing integration. Looking ahead, the Company will actively keep abreast of the trends, move toward a comprehensive developer, focus on strengthening the core business, digital integration, value creation, and deepen the brand image. The Company aims to expand the development and business territory, and create a greater profit margin.

With several times of capitalization, the current total paid-up capital of the Company is NT\$11,595,611 thousand.

Chapter 3. Report on Corporate Governance

I. Organization

(I) Organization Chart



(II) Responsibilities and Functions of Major Departments

1. Auditing Office

- (1) Manage the planning, supervision and execution of internal audit work.
- (2) Auditing and evaluating the effective operation of the internal control system and provide suggestions for improvement.
- (3) Supervise the audit business of subsidiaries.
- (4) Other related items.

2. President Office

- (1) Supervising all business activities within the Company.
- (2) Preparation, promotion and tracking analysis of the Company's annual business target, business plan and operation guidelines.
- (3) Research, preparation, review, and analysis of the Company's medium and long-term business operation strategy and development direction.
- (4) Establishment, review and effect tracking of operation models like internal working process and organization structure.
- (5) Coordination and integration of various subsidiaries and inter-departmental resources.
- (6) Preparation and promotion of the Company's important policies and strategic project plan.
- (7) Promotion and integration of Corporate Social Responsibility (CSR), business integrity, and brand management.
- (8) Other related items.

3. Development Department

- (1) Survey statistics and research of real estate market.
- (2) Research on economic and real estate situation.
- (3) Collection, investigation and analysis of various environment dynamics and business management information and construction industry trend in Taiwan.
- (4) Special research report project.
- (5) Investigation, analysis and evaluation of land planning data.

- (6) Review and amendment of the analysis calculation standard for gross profit of annual land planning.
- (7) Collection and analysis of construction laws and regulations and urban planning data.
- (8) Equity investigation and signing of transaction, purchase, exchange and joint construction of real estate.
- (9) Land acquisition, resurvey, re-planning and other items.
- (10) Handover, re-measurement, transfer and management of real estate.
- (11) Removal of above-ground buildings and registration of loss of buildings.
- (12) Applications such as land subdivision, consolidation and land category change.
- (13) Management, trading and exchange of scattered land.
- (14) Purchase or lease of public real estate.
- (15) Tax-related items before the land is transferred to the customer.
- (16) Inventory and auditor of land rights before handover
- (17) Urban renewal-related business promotion.
- (18) Joint development with MRT and other project development and bidding.
- (19) Assistance in subsidiaries' extension related business.
- (20) Supplier management and system data maintenance.
- (21) Other related items.

4. Project Department I and Project Department II

- (1) Preparation, control and implementation of budget, gross profit and progress targets of the projects etc..
- (2) Preparation and implementation of product positioning, sales strategy and marketing plan.
- (3) Selection, appointment and contracting of dealers, architects, consultants and agents.
- (4) Investigation and measurement of the foundation.
- (5) Review of drawings for architectural design.
- (6) Selection of building materials and equipment.

- (7) Application and review of building license and related items.
- (8) Control of design, production and construction of sales tools, reception centers and sample rooms and related items.
- (9) Pricing of real estate.
- (10) Sales, leasing, contracting and collection of real estate and related items.
- (11) Preparation and verification of contracting and construction drawings.
- (12) Control of contract related to the project business.
- (13) Provision, contact, coordination and verification of information regarding changes in customers.
- (14) Transfer of house and land ownership and establishment of mortgage.
- (15) Control of building remeasurement, preservation registration and housing taxation.
- (16) Recommendation of loan bank for customer and disposal of loan procedures.
- (17) Notification of collection and urgency of customer's payment and additional/reduced payment.
- (18) Verification of additional/reduced design of engineering change.
- (19) Cooperating with the Company to provide financial statements related to the project business.
- (20) Organization of the project result display (general inspection) and customer inspection.
- (21) Item related to the delivery of housing.
- (22) Acceptance and handover of public equipment.
- (23) Assistance in the establishment of the Community Management Committee.
- (24) Customer service within one year upon acquisition of housing license.
- (25) Organization of project completion report and project handover document.
- (26) Development of and amendment to standard operating procedures, including drawing review, sales, customized change, inspection and delivery, and public facilities handover.
- (27) Supplier management and system data maintenance.

(28) Other related items.

5. Project Department III

- (1) Items related to investigation and research of real estate market.
- (2) Investigation, analysis and evaluation of land planning data.
- (3) Items related to land acquisition and management.
- (4) Preparation, control and implementation of budget, gross profit and progress targets of the projects.
- (5) Preparation and implementation of product positioning, sales strategy and marketing plan.
- (6) Selection, appointment and contracting of dealers, architects, consultants and agents.
- (7) Investigation and measurement of the foundation.
- (8) Review of drawings for architectural design.
- (9) Selection of building materials and equipment.
- (10) Application and review of building license and related items.
- (11) Control of design, production and construction of sales tools, reception centers and sample rooms and related items.
- (12) Pricing of real estate.
- (13) Sales, leasing, contracting and collection of real estate and related items.
- (14) Preparation and verification of contracting and construction drawings.
- (15) Control of contract related to the project business.
- (16) Provision, contact, coordination and verification of information regarding changes in customers.
- (17) Transfer of house and land ownership and establishment of mortgage.
- (18) Control of building remeasurement, preservation registration and housing taxation.
- (19) Recommendation of loan bank for customer and disposal of loan procedures.
- (20) Notification of collection and urgency of customer's payment and additional/reduced payment.

- (21) Verification of additional/reduced design of engineering change.
- (22) Cooperating with the Company to provide financial statements related to the project business.
- (23) Organization of the project result display (general inspection) and customer inspection.
- (24) Item related to the delivery of housing.
- (25) Acceptance and handover of public equipment.
- (26) Assistance in the establishment of the Community Management Committee.
- (27) Project closing report and project closing data storage.
- (28) Contact and reply, on-site investigation, tracing and treatment of customer service cases under authority.
- (29) Data collection, statistical analysis and review of customer service cases under authority.
- (30) Acceptance and disposal of customer complain, litigation, important case and letters from management committee under authority.
- (31) Control of repair engineering contract under authority.
- (32) Supplier management and system data maintenance.
- (33) Other related items.

6. Technology Department

- (1) Preparation and amendment of engineering-related systems, specifications and standard operating procedures.
- (2) Recommended use of building materials, equipment and construction methods and collection and maintenance of relevant materials.
- (3) Assistance in technical support for group relationship and enterprise development project.
- (4) Calculation, budgeting and auditing of various work quantities.
- (5) Contracting of various projects and conclusion of contract.
- (6) Review and amendment of annual standard construction costs.
- (7) Examination on qualification of manufacturer of mechatronic engineering and structure.

- (8) Review of the structure, mechanical and electrical design and construction drawings of the project.
- (9) Review of additional/reduced design of engineering change.
- (10) Construction period calculation and schedule control.
- (11) Preparation of supervision plan and review of construction plan and construction drawing.
- (12) Inspection and quality supervision of building, structure, mechatronic engineering, civil engineering and equipment construction.
- (13) Coordination and integration of construction management in the construction site.
- (14) Disposal of assessment and valuation.
- (15) Items related to project acceptance (including initial inspection and re-inspection).
- (16) Preparation and amendment of customer service related systems, specifications and standard operating procedures.
- (17) Contact and reply, on-site investigation, tracing and treatment of customer service cases after handover of Project Department I and Project Department II.
- (18) Data collection, statistical analysis and review of customer service cases.
- (19) Customer data collection, statistical analysis, updating and maintenance.
- (20) Preparation and implementation of customer relationship business strategy and planning.
- (21) Acceptance and disposal of customer complaint, litigation, important case and letters from management committee after handover of Project Department I and Project Department II.
- (22) Control of repair engineering contract after handover of Project Department I and Project Department II.
- (23) Custody of project completion report and project completion data of Project Department I and Project Department II.
- (24) Supplier management and system data maintenance.
- (25) Other related items.

7. Operation Management Department

- (1) Control of finance, tax and other accounting management items.
- (2) Preparation of financial budget, budget estimate and final accounting.
- (3) Final accounting for completed project.
- (4) Coordination and contact with the accounting business of the Group.
- (5) Financial analysis and feedback of the same industry.
- (6) Post-investment operation overview and performance tracking, and proposal of strategies and recommendations.
- (7) Planning and implementation of long-term and short-term capital.
- (8) Custody of cash, bills and marketable securities and management of cashier accounting.
- (9) Custody of various performance and guarantee bills during the execution of the Company.
- (10) Operation Management of the safe deposit box of treasury.
- (11) Holding roadshow for legal person.
- (12) Comprehensive management of share business.
- (13) Sending and receiving of codes and official documents with the Company's official seal and management of documents.
- (14) The Company's business registration and trademark management.
- (15) Control of the development trend of the Group and organization of the relevant historical materials.
- (16) Management of occupational safety and health.
- (17) Leasing, procurement, management and maintenance of the office and articles therein.
- (18) Procurement and production of various printed products.
- (19) Contracting and purchase of sales advertising projects and items related to delivery of housing.
- (20) Purchase, leasing, sales, taxation, insurance, management and maintenance of passenger cars.
- (21) Consultation of legal affairs and project support for various units.

- (22) Countersign and review of contracts concerning foreign affairs and other legal documents.
- (23) Co-organization and disposal of litigation cases and non-litigation affairs.
- (24) Abidance management and assistance in enforcement of laws and regulations.
- (25) Operations related to Corporate Governance Team of the Corporate Social Responsibility Committee and social welfare.
- (26) Discussion proceedings of the Board of Shareholders, the Board of Directors and other functional committees.
- (27) Planning, construction and management of the Company's information system architecture.
- (28) Assistance in the development of information systems of subsidiaries and integration of the Group's information operation platform.
- (29) Planning, construction and management of the Company's database, network system and hardware/software equipment.
- (30) Development, maintenance, improvement, and integration of various application systems.
- (31) Planning of the training of the Company's information system and information security.
- (32) Planning, monitoring and execution of information security management.
- (33) Information security incident management and improvement tracking.
- (34) Formulation and execution investment property leasing and selling initiatives.
- (35) Manage the leasing (continued and terminated), tax insurance and payment of investment properties.
- (36) Business operations for the rental of new and renovated investment properties.
- (37) Collect and analyze market data for commercial and office, buildings and produce survey reports.
- (38) Implementation of the regular maintenance and renewal of investment property equipment.

8. Human Resources Section

- (1) Preparation, planning and implementation of the Company's human resources strategies, policies and plans.

- (2) Planning and implementation of salary awards, year-end bonus system and issuance.
- (3) Planning and implementation of personnel recruitment and appointment procedures, and personnel development and talent reserve planning.
- (4) Planning of the performance management system, employee performance appraisal and promotion.
- (5) Execution of compensation and performance appraisal on Directors and Managers.
- (6) Preparation and maintenance of personnel-related rules and regulations, management of personnel information and systems, and analysis of the efficiency of human resources.
- (7) Planning and implementation of personnel appointment and dismissal, transfer, attendance, reward and punishment, business trip and vacation, pension and insurance.
- (8) Distribution of material information regarding human resources such as personnel changes.

II. Information on Directors, Supervisors, President, Vice Presidents, Senior Managers, and Heads of Departments and Branches

(I) Information on directors and supervisors (1)

April 16, 2024

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Chairman	Republic of China	He Xin Industrial Co., Ltd. Representative: Chang, Ching- Kuei	Male 71~80	2023.06.09	3 years	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	Feng Chia University (Bachelor of Architecture)	Chairman of Cathay Real Estate Management Co., Ltd. Chairman of Cathay Healthcare Management Co., Ltd. Chairman of Cymbal Medical Network Co., Ltd. Chairman of Cymder Co., Ltd. Chairman of Cymlin Co., Ltd. Supervisor of Taiwan Real Estate Management Co., Ltd. Chairman of Cathay Real Estate Foundation Director of Cathay General Hospital	None			
						2000.01.19	20,822	0	20,822	0										
Director	Republic of China	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	Male 41~50	2023.06.09	3 years	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	San Francisco State University (Master of Public Administration, MPA)	Senior Vice President of Cathay Real Estate Corporation Director of Cathay Life Insurance Corporation Vice Chairman of Cathay Healthcare Management Co., Ltd. Director of Cymbal Medical Network Co., Ltd. Director of Cymder Co., Ltd. Director of Cymlin Co., Ltd. Vice President of Liang Ting Industrial Co., Ltd Director of Cathay Real Estate Foundation	None			
						2009.03.11	0	0	0	0										

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Director	Republic of China	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	Male 51~60	2023.06.09	3 years	2017.06.16	22,000,000	1.90%	22,000,000	1.90%	0	0	0	0	Chinese Culture University (Bachelor of law)	President of Cathay Real Estate Corporation Director & President of Cathay Real Estate Management Co., Ltd. Chairman of Cathay Hospitality Management Co., Ltd Chairman of Cathay Hotel Management Consulting Co., Ltd. Chairman of Cathay Food & Beverage Group Co., Ltd. Chairman of Nankang International No. 1 Corporation Chairman of Nankang International No. 2 Corporation Director of Cathay Real Estate Foundation Director of Cathay Charity Foundation	None			
					2015.03.23	0	0	0	0											
Director	Republic of China	Cathay Real Estate Corporation Employee Welfare Committee Representative: Lin, Chin-Liang	Male 61~70	2023.06.09	3 years	2017.06.16	2,754,800	0.24%	2,754,800	0.24%	0	0	0	0	National Cheng Kung University (Bachelor of Architecture)	Senior Vice President of Cathay Real Estate Corporation Director of Cathay Real Estate Management Co., Ltd. Director of Cathay Hospitality Management Co., Ltd Director of Cathay Hotel Management Consulting Co., Ltd. Director of Cathay Food & Beverage Group Co., Ltd. Director of Nankang International No. 1 Corporation Director of Nankang International No. 2 Corporation Director of Symphox Information Co., Ltd. Chairman & President of Jinhua Realty Co., Ltd. Chairman & President of Bannan Realty Co., Ltd. Chairman & President of Sanchong Realty Co., Ltd.	None			
					2011.06.10	0	0	0	0											

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Director	Republic of China	Cathay Charity Foundation Representative: Chuang, Wan- Hua	Female 51~60	2023.06.09	3 years	2017.06.16	5,941,332	0.51%	5,941,332	0.51%	0	0	0	0	University of Surrey (Bachelor of International Hospitality Management)	Director and President, Cathay Hospitality Management Co., Ltd. Director and President, Cathay Hospitality Management Consulting Co., Ltd. Director and President, Cathay Food & Beverage Group Co., Ltd. Director, Cathay Real Estate Foundation				
						2023.06.09	0	0	0	0										
Director	Canada	Cathay Real Estate Foundation Representative: Chu, Chung- Chang	Male 61~70	2023.06.09	3 years	2017.06.16	2,353,690	0.20%	2,353,690	0.20%	0	0	0	0	York University (Master of Business Administration, MBA)	Chairman of Meifeng Textile & Dyeing Co., Ltd Chairman of Meifeng Corporation Director of Cathay Life Insurance Corporation				
						1999.05.19	11,719	0	11,719	0										
Independent Director	Republic of China	James Y. Chang	Male 71~80	2023.06.09	3 years	2017.06.16	0	0	0	0	0	0	0	0	Southern Methodist University (Doctor of Laws)	Independent Director, Mercuries F&B Co., Ltd.				
Independent Director	Republic of China	Yu, Tsu-Kang	Male 71~80	2023.06.09	3 years	2023.06.09	0	0	0	0	0	0	0	0	Business Administration , Chinese Culture University	Chairman, Union Group Corp. Chairman, Union Electric Corp. Chairman, Tzu Feng Cultural Educational Foundation Director, HannsTouch Holdings Co. Director, Sinox Co., Ltd. Director, Fengyuan Foundation Director, Lunghwa University of Science and Technology				

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected (Appointed) Date	Tenure	Date First Elected (Appointed) (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relationship	
Independent Director	Republic of China	Lee, Li-Kun	Male 71-80	2023.06.09	3 years	2023.06.09 Note: Served as a supervisor from 2008.06.13 to 2017.06.15	0	0	0	0	0	0	0	0	Department of Law, Chinese Culture University	Director, Health Care Foundation Director, Parasitic Disease Control Foundation	None			

- Note 1. For juristic person shareholders, their names and representatives shall be stated (for representatives, the names of juristic person shareholders they represent shall be indicated respectively) and filled in Table 1.
- Note 2. Please list actual ages and express them in intersectional manner, e.g., 41-50 years old or 51-60 years old.
- Note 3. Please list the first date to take the charge of director or supervisor of the Company, and note with illustrations for any disruption of duty occurred.
- Note 4. For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position. Assistant vice president, regardless of job title, should also be disclosed.
- Note 5. Where the Chairman of the board of directors and the President or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).
- Note 6. The directors' part-time job shall be subject to the information on April 16, 2024.
- Note 7. The Company has set up an Audit Committee replacing the supervisor since June 16, 2017 in accordance with the provisions of Article 14-4 of the Securities Exchange Act.

Table 1: Major Shareholders of Institutional Shareholders

April 16, 2024

Name of corporate shareholder (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
He Xin Industrial Co., Ltd.	Tsai, Cheng-Ta 45%, Tsai, Hung-Tu 45%, Tsai, Cheng-Chiu 10%
Cathay Charity Foundation	Not applicable (Cathay Life Insurance Co. Ltd. (50%) (the founder); Cathay Real Estate Development Co., Ltd. (50%) (the founder))
Employee Welfare Committee of Cathay Real Estate Corporation	Not applicable (Not a corporate entity, contributions to employee' welfare are made monthly by Cathay Real Estate Development Co., Ltd. through monthly revenue.)
Cathay Real Estate Foundation	Not applicable (Cathay Life Insurance Co. Ltd. (97.5%) (the founder); Cathay Real Estate Development Co., Ltd. (2.5%) (the founder))

Note 1. For Directors and Supervisors who are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2. Fill in the name of the major shareholders of these juristic person shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is a juristic person, the shareholder's name shall be filled in Table 2 below.

Note 3. For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed, i.e., name of the investor or donor and their contribution or donation ratio (refer to the notice issued by the Judicial Yuan for reference); if the donor has passed away, indicate "Passed away".

Table 2: Substantial shareholder of substantial shareholders as legal person in Table 1

April 16, 2024

Name of legal person (Note 1)	Substantial shareholder of legal person (Note 2)
None	None

Note 1. If the major shareholder of institutional shareholders as shown in Table 1 is a juristic person, the name of the juristic person should be filled.

Note 2. Fill in the name of the major shareholders of these juristic persons (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.

Note 3. For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed, i.e., name of the investor or donor and their contribution or donation ratio (refer to the notice issued by the Judicial Yuan for reference); if the donor has passed away, indicate "Passed away".

(I) Information Regarding Directors and Supervisors (2)

April 16, 2024

1. Disclosure of professional qualifications of directors and supervisors and independence of independent directors:

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chang, Ching-Kuei Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies. Specialized occupation and the technical personnel architect qualification.</p> <p>Experience: Chairman of Cathay Real Estate Management Co., Ltd., Chairman of Cathay Healthcare Inc., Chairman of Cymbal Medical Network Co., Ltd., Chairman of Cymder Co., Ltd., Chairman of Cymlin Co., Ltd., Supervisor of Taiwan Real Estate Management Co., Ltd., Chairman of Cathay Real Estate Foundation, and Director of Cathay General Hospital</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whether any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual report.</p>	
Tsai, Chung-Yan Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Senior Vice President of Cathay Real Estate Corporation, Director of Cathay Life Insurance Corporation, Vice Chairman of Cathay Healthcare Management Co., Ltd., Director of Cymbal Medical Network Co., Ltd., Director of Cymder Co., Ltd., Director of Cymlin Co., Ltd., Vice President of Liang Ting Industrial Co., Ltd., and</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Director of Cathay Real Estate Foundation Circumstances in the subparagraphs of Article 30 of the Company Act: None	by the same person. (3) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company. (4) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. (5) Not a spouse or relative within the second degree of kinship of any other director of the Company. (6) Not under any of the categories stated in Article 30 of the Company Act. (7) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None. (8) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None. (9) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). (10) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual	

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		report.	
Lee, Hung-Ming Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: President of Cathay Real Estate Corporation, Director & President of Cathay Real Estate Management Co., Ltd., Chairman of Cathay Hospitality Management Co., Ltd., Chairman of Cathay Hotel Management Consulting Co., Ltd., Chairman of Cathay Food & Beverage Group Co., Ltd., Chairman of Nankang International No. 1 Corporation, Chairman of Nankang International No. 2 Corporation, Director of Cathay Real Estate Foundation, and Director of Cathay Charity Foundation</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than</p>	None

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual report.</p>	
Lin, Chin-Liang Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Senior Vice President of Cathay Real Estate Corporation, Director of Cathay Real Estate Management Co., Ltd., Director of Cathay Hospitality Management Co., Ltd., Director of Cathay Hotel Management Consulting Co., Ltd., Director of Cathay Food & Beverage Group Co., Ltd., Director of Nankang International No. 1 Corporation, Director of Nankang International No. 2 Corporation, Director of Symphox Information Co., Ltd., Chairman & President of Jinhua Realty Co., Ltd., Chairman & President of Bannan Realty Co., Ltd.</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the</p>	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Chairman & President of Sanchong Realty Co., Ltd. Chairman & President of Zhulun Realty Co., Ltd., and Director of Cathay Real Estate Foundation Circumstances in the subparagraphs of Article 30 of the Company Act: None	number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person. (5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company. (6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. (7) Not a spouse or relative within the second degree of kinship of any other director of the Company. (8) Not under any of the categories stated in Article 30 of the Company Act. (9) Whey any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None. (10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None. (11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the	

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual report.</p>	
Chuang, Wan-Hu Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies. Experience: Director and President, Cathay Hospitality Management Co., Ltd. Director and President, Cathay Hospitality Management Consulting Co., Ltd. Director and President, Cathay Food & Beverage Group Co., Ltd. Director, Cathay Real Estate Foundation Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the preceding paragraphs.</p> <p>(3) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(4) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(5) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner</p>	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(8) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(9) Whey any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(10) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(11) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5, 6 and 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(12) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual report.</p>	
Chu, Chung-Chang Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Chairman of Meifeng Textile & Dyeing Co., Ltd., Chairman of Meifeng Corporation., and Director of Cathay Life Insurance Corporation</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p>	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>(3) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2).</p> <p>(4) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(5) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(6) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(7) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company</p> <p>(8) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(9) Not a spouse or relative within the</p>	

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>second degree of kinship of any other director of the Company;</p> <p>(10) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(11) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(12) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(13) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(14) Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years: Please refer to page 44 and page 44 of the 2022 annual report.</p>	
James Y. Chang Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies; qualification of lawyer for professional and technology; and lecture in private junior college or above.</p> <p>Experience: Lawyer at Law Offices of Donald T. Dunham & Associates, Associate Professor of Soochow University Law School, Independent Director, Mercuries F&B Co., Ltd.</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds</p>	1

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the</p>	

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>Company Act.</p> <p>(13) Whether any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(16) Did not received remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.</p>	
Yu, Tsu-Kang Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies.</p> <p>Experience: Chairman, Union Group Corp. Chairman, Union Electric Corp. Chairman, Tzu Feng Cultural Educational Foundation Director, HannsTouch Holdings Co. Director, Sinox Co., Ltd. Director, Fengyuan Foundation Director, Lunghwa University of Science and Technology, etc.</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company</p>	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.</p> <p>(13) Whey any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p>	

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Not serve as a Director, Supervisor or employee of a company that has a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(16) Did not received remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.</p>	
Lee, Li-Kun Independent Director	<p>Professional Qualification: At least 5 years of experience in business, legal, financial, accounting and corporate business of several companies; qualification of lawyer for professional and technology; and lecture in private junior college or above.</p> <p>Experience: Director, Health Care Foundation Director, Parasitic Disease Control Foundation, etc.</p> <p>Circumstances in the subparagraphs of Article 30 of the Company Act: None</p>	<p>(1) Not employed by the Company or any of its affiliated companies.</p> <p>(2) Not serving as the Director and Supervisor of the Company or any of its affiliated companies.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within two generations or direct blood relatives within three generations of the executive listed in (1) or person listed in (2) or (3).</p> <p>(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of</p>	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>any other company are controlled by the same person.</p> <p>(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director (member of the governing board), Supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company.</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director of the Company.</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.</p> <p>(13) Whey any of himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates: None.</p> <p>(14) Shareholding amount and ratio of himself, his spouse, or relative within the second degree of kinship (or in the name of others): None.</p> <p>(15) Not serve as a Director, Supervisor or employee of a company that has</p>	

Qualifications Name	Professional qualifications and experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>a specific relationship with the Company (pursuant to the provisions of Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with).</p> <p>(16) Did not received remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.</p>	

Note 1. Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated. Also state whether there are any circumstances under Article 30 of the Company Act.

Note 2. Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and proportion of the Company's shares held by relatives (or in the name of others); whether they serve as directors, supervisors or employees that have a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

A. Diversity of the Board of Directors:

The Company's has provided diversity policy in Article 22, paragraph 2 of its "Corporate Governance Code of Practice" and relevant measures of the Board of Directors, aiming to diversify the board members, think and judge from different standpoints, so as to improve the board structure and improve corporate governance.

1. The diversity policy includes: The selection criteria for directors is open to different nationalities, age groups, genders, etc.: with the target of non-nationality members, there are currently 9 directors, including 1 member of non-Republic of China nationality, accounting for 11%; Targeting various age groups, with an interval of fifteen years starting from forty years old: one subject in the 41-50 age group, two subjects in the 51-60 age group, two subjects in the 61-70 age group, four subjects in the 71-80 age group, with at

least one person in each interval, achieving a 100% success rate.; the ratio of female directors is over 10%, or 1 among the 9 directors, accounting for 11%.

2. The selection criteria for directors in respect of professional qualifications and experience or background are: the target shall have 2 or more different attributes. At present, there are 9 directors, each of whom has professional qualifications, experience or background with 2 or more different attributes, with a ratio of 100%.

B. Independence of the Board of Directors:

Among the 9 directors of the Company, 3 are independent directors, accounting for 33%. In addition, an Audit Committee has been set up in accordance with the law and relevant organizational rules have been formulated. All of the members are independent directors, so there is no supervisor.

The Company adopts a cumulative voting system and a candidate nomination system for the selection and appointment of directors and independent directors. Shareholders are encouraged to participate. Shareholders who hold more than a certain number of shares may submit a list of candidates. The qualifications of the candidates are reviewed on whether they violate the items provided in Article 30 of the Company Act. The relevant acceptance are conducted and announced in accordance with the law to protect the rights and interests of shareholders, and avoid monopoly or excessive nomination rights, and to maintain independence. The "Measures for Performance Evaluation of the Board of Directors" is also established for performance evaluation. Through the self-evaluation by executive units, directors, and functional committees, it is confirmed that there are no circumstances stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act. According to the latest evaluation results, there is no relationship of spouses or relatives within the second degree of kinship between directors, between independent directors, and between directors and independent directors, which meets the requirements of relevant laws and regulations. For the independence of directors, please refer to pages 24-39 for details.

(II) Information on President, Senior Vice President, Vice Presidents, Senior Managers and Heads of Department and Branches

April 16, 2024

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
President	Republic of China	Lee, Hung- Ming	Male	2015.03.01	0	0	0	0	0	0	Chinese Culture University (Bachelor of law)	Director & President of Cathay Real Estate Management Co., Ltd. Chairman of Cathay Hospitality Management Co., Ltd Chairman of Cathay Hotel Management Consulting Co., Ltd. Chairman of Cathay Food & Beverage Group CO., Ltd. Chairman of Nankang International No. 1 Corporation Chairman of Nankang International No. 2 Corporation Director of Cathay Real Estate Foundation Director of Cathay Charity Foundation	None		
Senior Vice President	Republic of China	Tsai, Chung- Yan	Male	2020.01.01	0	0	0	0	0	0	San Francisco State University (Master of Public Administration, MPA)	Director of Cathay Life Insurance Corporation Vice Chairman of Cathay Healthcare Management Co., Ltd. Vice President of Liang Ting Industrial Co., Ltd Director of Cymbal Medical Network Co., Ltd. Director of Cymder Co., Ltd. Director of Cymlin Co., Ltd. Director of Cathay Real Estate Foundation	None		

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
Senior Vice President	Republic of China	Lin, Chin- Liang	Male	2023.07.19	0	0	0	0	0	0	National Cheng Kung University (Bachelor of Architecture)	Director of Cathay Real Estate Management Co., Ltd. Director of Cathay Hospitality Management Co., Ltd. Director of Cathay Hotel Management Consulting Co., Ltd. Director of Cathay Food & Beverage Group Co., Ltd. Director of Nankang International No. 1 Corporation Director of Nankang International No. 2 Corporation Director of Symphox Information Co., Ltd. Chairman & President of Jinhua Realty Co., Ltd. Chairman & President of Bannan Realty Co., Ltd. Chairman & President of Sanchong Realty Co., Ltd. Chairman & President of Zhulun Realty Co., Ltd. Director of Cathay Real Estate Foundation	None		
Vice President	Republic of China	Ku, Shang- Chieh	Male	2023.07.19	0	0	0	0	0	0	Dept. of Architecture, Tamkang University	Director of Jinhua Realty Co., Ltd. Director & Chief Executive Officer of Bannan Realty Co., Ltd. Director & Chief Executive Officer of Sanchong Realty Co., Ltd. Director & Chief Executive Officer of Zhulun Realty Co., Ltd. Director of Cathay Real Estate Foundation	None		
Vice President	Republic of China	Kuo, Chun- Ho	Male	2023.07.19	0	0	0	0	0	0	Master in Civil and Construction Engineering, National Taiwan University of Science and Technology	Director of Bannan Realty Co., Ltd. Director of Jinhua Realty Co., Ltd. Director of Sanchong Realty Co., Ltd. Director of Zhulun Realty Co., Ltd.	None		

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Education Background) (Note 2)	Currently Holding Concurrent Posts in the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship		
					Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)	Number of Shares	Proportion of shareholdings (%)			Title	Name	Relation
Vice President	Republic of China	Liao, Li-Chi	Female	2023.07.19	0	0	0	0	0	0	National Chengchi University MBA	Supervisor of Cathay Real Estate Management Co., Ltd. Supervisor of Bannan Realty Co., Ltd. Supervisor of Jinhua Realty Co., Ltd. Supervisor of Sanchong Realty Co., Ltd. Supervisor of Zhulun Realty Co., Ltd. Director of San Hsiung Fongshan LaLaport Co., Ltd.	None		
Senior Manager of Development Department	Republic of China	Liu, Pang- Ho	Male	2023.07.19	0	0	0	0	0	0	Master of Business Management, National Central University	None	None		
Senior Manager of Project Department I	Republic of China	Hsiao, Chia- Ming	Female	2023.07.19	0	0	0	0	0	0	National Cheng Kung University (Master of Architecture)	None	None		
Senior Manager of Project Department II	Republic of China	Peng, Fei-I	Female	2023.07.19	0	0	0	0	0	0	Construction Engineering Department, China Industrial and Commercial College	None	None		
Senior Manager of Project Department III	Republic of China	Chang, Chia- Lun	Male	2023.07.19	2,651	0	0	0	0	0	Bachelor of Land Economics, National Chengchi University	Chief Executive Officer of Jinhua Realty Co., Ltd.	None		
Senior Manager of Technology Department	Republic of China	Chang, Chih- Chiang	Male	2024.02.01	0	0	0	0	0	0	Master of Civil Engineering, National Chung Hsing University	None	None		
Chief Auditing Officer of Auditing Office	Republic of China	Yang, Po- Shan	Male	2021.11.25	887	0	0	0	0	0	Alabama State University (Master of Business Administration, MBA)	None	None		
Senior Manager of Operation Management Department	Republic of China	Chen, Chia- Yen	Female	2023.07.19	7	0	0	0	0	0	Master of Business Administration, Tamkang University	Director, Lin Yuan Property Management Co., Ltd.	None		
Corporate Governance Officer	Republic of China	Yen, Miao-Ju	Female	2019.4.25	0	0	0	0	0	0	Department of Law, Soochow University	None	None		

Note 1. Information regarding President, Senior Vice President, Vice Presidents, heads of departments and branches shall be included, whereas information regarding positions equivalent to President, Senior Vice President or Vice Presidents shall be disclosed regardless of job title.

Note 2. For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position. Assistant vice president, regardless of job title, should also be disclosed.

Note 3. In case that the President or his/her equivalent (top manager) is assumed concurrently by the Chairman, or his/her spouse or a relative within one degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors not concurrently serving as employees or managers) should be described:

(III) Remuneration Paid to Directors (Including Independent Directors), Supervisors, President, Senior Vice President, Senior Vice President and Vice Presidents

1. Remuneration paid to regular Directors and Independent Directors (aggregate remuneration with name(s) indicated for each remuneration range)

Unit: NT\$ thousands

Title	Name (Note 1)	Remuneration Paid to Directors								Total amount of A, B, C and D and their proportion to the net profit after tax (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Total amount of A, B, C, D, E, F and G and their proportion to the net profit after tax (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 11)		
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Director Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 6)								
		The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)	The company		All the Companies in Consolidated Financial Statements of the Company (Note 7)		The company	All the Companies in Consolidated Financial Statements of the Company (Note 7)			
																		Cash Amount	Stock Amount	Cash	Stock Amount			
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	8,596	13,295	0	0	2,400	2,400	1,024	1,344	Total: 12,020 Proportion: 0.56%	Total: 17,038 Proportion: 0.79%	16,168	16,168	0	0	43	0	43	0	Total: 28,231 Proportion: 1.30%	Total: 33,249 Proportion: 1.54%	0		
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan																							
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming																							
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang																							
Director	Cathay Real Estate Foundation Representative: Chu, Chung-Chang																							
Director	Cathay Charity Foundation Representative: Chuang, Wan-Hua (Took office on June 9, 2023)																							
Director	Cathay Charity Foundation Representative: Daniel Tung (Resigned on June 9, 2023)																							
Independent Director	Yu, Tsu-Kang (Took office on June 9, 2023)																							
Independent Director	Lee, Li-Kun (Took office on June 9, 2023)	4,724	4,724	0	0	0	0	135	135	Total: 4,859 Proportion: 0.22%	Total: 4,859 Proportion: 0.22%	0	0	0	0	0	0	0	Total: 4,859 Proportion: 0.22%	Total: 4,859 Proportion: 0.22%	0			
Independent Director	James Y. Chang																							
Independent Director	Lin, Hsiu-Ling (Resigned on June 9, 2023)																							
Independent Director	Wu, Chih-Wei (Resigned on June 9, 2023)																							

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
The Company has clearly defined the Independent Directors' remuneration policy, scope, type and periodic review mechanism in the remuneration payment standard. The remuneration payment for Independent Director would factor in the level of involvement into company operation, the contribution, and the usual industrial standard, and the amount would be reviewed by Remuneration Committee and reported to the Board of Directors for approval to issue the total amount. The Company regularly evaluates the remuneration of Independent Directors every three years.

2. In addition to the information disclosed in the table above, remuneration paid to any director who has provided his/her services (such as serving as a consultant to all non-employees of the parent company/all companies/re-invested companies in the financial report, etc.) to all the companies listed in the Company's financial statements in the most recent fiscal year: 15.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9)	The Company (Note 8)	All companies in the Financial Report (Note 9)
Less than NT\$1,000,000	Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Daniel Tung, Chu, Chung-Chang, Chuang, Wan-Hua, Lin, Hsiu-Ling, Wu, Chih-Wei, Yu, Tsu-Kang, Lee, Li-Kun, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee	Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Daniel Tung, Chu, Chung-Chang, Lin, Hsiu-Ling, Wu, Chih-Wei, Yu, Tsu-Kang, Lee, Li-Kun, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee	Chu, Chung-Chang, Chuang, Wan-Hua, Lin, Hsiu-Ling, Wu, Chih-Wei, Yu, Tsu-Kang, Lee, Li-Kun, Cathay Charity Foundation, Cathay Real Estate Corporation Employee Welfare Committee	Chu, Chung-Chang, Lin, Hsiu-Ling, Wu, Chih-Wei, Yu, Tsu-Kang, Lee, Li-Kun, Cathay Charity Foundation, Cathay Real Estate Foundation, Cathay Real Estate Corporation Employee Welfare Committee
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	James Y. Chang, and He Xin Industrial Co., Ltd.	James Y. Chang, and He Xin Industrial Co., Ltd.	James Y. Chang, Daniel Tung and He Xin Industrial Co., Ltd.	James Y. Chang, Daniel Tung and He Xin Industrial Co., Ltd.
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	0	0	Tsai, Chung-Yan, Lin, Chin-Liang	Tsai, Chung-Yan, Lin, Chin-Liang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Chang, Ching-Kuei	Chuang, Wan-Hua Chang, Ching-Kuei	Lee, Hung-Ming Chang, Ching-Kuei	Chuang, Wan-Hua Lee, Hung-Ming Chang, Ching-Kuei
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0	0	0
Over NT\$100,000,000	0	0	0	0
Total	16	16	16	16

Note 1. Name of directors should be listed separately (For institutional shareholders, their names and the name of their representatives should be listed separately), and the amount of remuneration paid to them should be disclosed collectively. Director(s), who is also the President, Senior Vice President or Vice Presidents, is/are already listed in this table and the Table below (3-2).

Note 2. Compensation received by a director in the most recent fiscal year (including director's salary, job-related allowances, separation pay, various bonuses and incentives).

- Note 3. Fill in the amount of remuneration for directors approved by the board of directors in the most recent year.
- Note 4. Refers to the execution expenses of relevant businesses of directors in the most recent year (including travel expenses, special expenses, allowances, dormitories, car supplies and other material supplies, etc.). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 978 thousand.
- Note 5. Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including President, Senior Vice President, Vice Presidents, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. In addition, the remuneration expenses recognized in accordance with IFRS 2 “Share Base Payment”, including the acquisition of employee warrants, new shares restricting employee rights and shares subscribed by participation in capital increase in cash, shall also be included in the remunerations. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 1,857 thousands and the car rental fees NT\$1,344 thousands.
- Note 6. For Directors concurrently serving as employees (including President, Senior Vice President, Vice Presidents, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7. The total amount of all the remuneration paid to the Company's Directors by all the companies in the consolidated financial statements (including the Company) shall be disclosed.
- Note 8. The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.
- Note 9. The total amount of remuneration paid to each director of the Company by all enterprises (including the Company) in the consolidated report should be disclosed, the name of director shall be disclosed in the corresponding range.
- Note 10. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Note 11. a. The amount of remuneration received from subsidiaries other than investment companies by the Company's directors shall be stated clearly in this column.
- b. If a director of the Company receives remuneration from investment companies other than subsidiaries, the amount of remuneration received by the director from investment companies other than subsidiaries shall

be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "All Investment Companies".

- c. Remuneration refers to the compensation, rewards (including compensation distributed to employees, Directors and Supervisors) and remuneration related to business expenses that are received by the Company's Directors who serve as Directors, Supervisors or managerial officers at investee companies other than subsidiaries.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

2. Remuneration paid to President, Senior Vice President, Senior Vice President and Vice Presidents (range of remuneration with name disclosure)

Unit: NT\$ thousands

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Sum of items A, B, C and D to NIAT Ratio (%) (Note 8)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 9)
		The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company		All the Companies in Consolidated Financial Statements of the Company (Note 5)		The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lee, Hung-Ming	16,317	16,376	0	0	10,548	10,548	87	0	87	0	Total: 26,952 Proportion: 1.25%	Total: 27,011 Proportion: 1.25%	0
Senior Vice President	Tsai, Chung-Yan													
Senior Vice President	Daniel Tung (Retired on November 12, 2022)													
Senior Vice President	Lin, Chin-Liang													
Vice President	Ku, Shang-Chieh													
Vice President	Kuo, Chun- Ho													
Vice President	Liao, Li-Chi													

Range of Remuneration

Range of Remuneration Paid to President, Senior Vice President, Senior Vice President and Vice Presidents of the Company	Names of President, Senior Vice President, Senior Vice President and Vice Presidents of the Company	
	The Company (Note 7)	All Investment Companies (E) (Note 8)
Less than NT\$1,000,000	0	0
Less than NT\$ 2,000,000	Daniel Tung	Daniel Tung
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Liao, Li-Chi	0
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Lin, Chin-Liang, Tsai, Chung-Yan, Ku, Shang-Chieh and Kuo, Chun-Ho	Lin, Chin-Liang, Tsai, Chung-Yan, Ku, Shang-Chieh, Kuo, Chun-Ho and Liao, Li-Chi
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Lee, Hung-Ming	Lee, Hung-Ming
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0
Over NT\$100,000,000	0	0
Total	7	7

Note 1. Names of the President, Senior Vice President, Senior Vice President and Vice Presidents should be listed separately, and the amount of remuneration paid to them should be disclosed collectively. If a director

concurrently serves as a President, Senior Vice President or Vice President, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1-2) above.

- Note 2. Fill in the salary, job-related allowances and separation pay received by the President, Senior Vice President, Senior Vice President and Vice Presidents in the most recent fiscal year.
- Note 3. Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the President, Senior Vice President and Vice Presidents in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. In addition, the remuneration expenses recognized in accordance with IFRS 2 “Share Base Payment”, including the acquisition of employee warrants, new shares restricting employee rights and shares subscribed by participation in capital increase in cash, shall also be included in the remunerations. The relevant remuneration paid by all companies in the Company's consolidated financial statements to the driver is NT\$ 1,857 thousands and the car rental fees NT\$1,344 thousands.
- Note 4. Fill in the amount of employee bonuses (including shares and cash) that have been approved by the Board of Directors and are distributed to the President, Senior Vice President and Vice Presidents in the most recent fiscal year. If the amount of bonuses cannot be estimated, the calculation shall be calculated based on the ratio of the amount distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.
- Note 5. The total amount of all the remuneration paid to the Company's President, Senior Vice President and Vice Presidents by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 6. The name of each President, Senior Vice President and Vice President shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the President, Senior Vice President and Vice Presidents by the Company.
- Note 7. The total amount of all the remuneration paid to each President, Senior Vice President and Vice President of the Company by all companies listed in its consolidated financial statements (including the Company) shall be disclosed. The name of each President, Senior Vice President and Vice President shall be disclosed in the range of remuneration corresponding to the total amount.
- Note 8. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Note 9. a. The amount of remuneration received from investment companies other than subsidiaries by the Company's President, Senior Vice President and Vice Presidents shall be stated clearly in this column.
- b. If the President, Senior Vice President and Vice Presidents of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the President, Senior Vice President and Vice Presidents from investment companies other than subsidiaries shall be combined

into Column E of the table for ranges of remuneration, and this column shall be renamed as "All Investment Companies".

- c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors and Supervisors) and remuneration related to business expenses that are received by the Company's President, Senior Vice President and Vice Presidents who serve as Directors, Supervisors or managerial officers at investee companies other than the Company's subsidiaries.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, instead of taxation.

3. Names of Managers and the Distribution of Employee Bonus

April 16, 2024; Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Stock	Cash (Note 5)	Total	Ratio of Total Amount to Net Income After Tax (%)
Manager	President	Lee, Hung-Ming	0	201	201	Total amount 201 Percentage 0.0093%
	Senior Vice President	Tsai, Chung-Yan				
	Senior Vice President	Lin, Chin-Liang				
	Vice President	Ku, Shang-Chieh				
	Vice President	Kuo, Chun-Ho				
	Vice President	Liao, Li-Chi				
	Associate Vice President of Development Department	Liu, Pang-Ho				
	Associate Vice President of Project Department I	Hsiao, Chia-Ming				
	Associate Vice President of Project Department II	Peng, Fei-I				
	Associate Vice President of Project Department III	Chang, Chia-Lun				
	Associate Vice President of Technical Operations	Chang, Chih-Chiang				
	Chief Auditing Officer of Auditing Office	Yang, Po-Shan				
	Associate Vice President of Business Administration Department (promoted on April 29, 2023)	Chen, Chia-Yen				
	Associate Vice President of Business Administration Department (Resigned on April 29, 2023)	Lo, Yu-Chi				
	Corporate Governance Officer	Yen, Miao-Ju				

Note 1. Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2. Fill in the amount of employee compensation (including shares and cash) that has been approved by the Board of Directors and proposed by the managerial officers in the most recent fiscal year. If this amount cannot be estimated, the calculation should be based on the ratio of the amount distributed in the previous fiscal year. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 3. The scope of application for the term "managerial officer" shall follow the approved document with Ref. No. Tai Tsai Cheng San Tzu 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

- (1) President and its equivalent
- (2) Vice President and its equivalent
- (3) Associate Vice President and its equivalent
- (4) Supervisor of Finance Department
- (5) Supervisor of Accounting Department
- (6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

Note 4. Directors, President, Senior Vice President and Vice Presidents who receive employee rewards (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

4. Remuneration paid to the five officers of TWSE/TPEX listed company with the highest remuneration (disclosure of the names and remuneration method of individual officers)

Title	Name (Note 1)	Salary (A) (Note 2)	Severance Pay and Pension (B)	Bonuses and Allowances, etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Sum of items A, B, C and D to NIAT Ratio (%) (Note 8)	Whether or not the person receives remuneration from other non- subsidiary companies that the Company has invested in (Note 9)
		The Company All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company	All the Companies in Consolidated Financial Statements of the Company (Note 5)	The Company		All the Companies in Consolidated Financial Statements of the Company (Note 5)		The Company All the Companies in Consolidated Financial Statements of the Company (Note 5)	
						Cash Amount	Stock Amount	Cash Amount	Stock Amount		

N/A

5. Compare the ratio of total remuneration paid to the Company's Directors, Supervisors, President, Senior Vice President and Vice Presidents in the most recent two years to the net income after tax by the Company and all companies in the consolidated statements, and explain the policies, standards and combinations of remuneration payment, the procedures for determining remuneration, and the relevance with business performance and future risks:

- (1) Ratio of total remuneration paid to the Company's Directors, Supervisors, President, Senior Vice President and Vice Presidents in the most recent two years to the net income after tax:

The total amount of emoluments paid by the Company to directors, supervisors, President, Senior Vice President and Vice Presidents in 2023 and 2022 were NT\$43,831 thousand and NT\$57,991 thousand respectively, accounting for 2.03% and 4.80% of the net profit after tax in each year.

- (2) Remuneration policies, standards and packages, and their correlations with the Company's business performance and future risk exposure:

The remunerations paid by the Company to directors, President and Vice Presidents are based on the Company's regulations in the "Remuneration Standards for Directors", "Performance Evaluation Standards for Directors", "Remuneration Standards for Managers" and "Performance Evaluation Standards for Managers", taking into account the functions of individual directors and managers and the general market conditions, as well as factors such as their contribution value, performance evaluation, and expected or actual risks.

- (A) "Directors' Remuneration Standards" (hereinafter referred to as the "Standards") stipulates that directors' remuneration includes remuneration, remuneration, transportation expenses and other allowances etc.

A. Remuneration: The company's independent directors and directors involved in business execution (Chairman/Vice Chairman) may be awarded monthly fixed remuneration; directors involved in business execution shall be awarded with reference to the director's participation in the company's operations, value of contribution, and the usual level of peers. Monthly remuneration, and bonuses are awarded based on the manager's overall operating performance of the company and personal performance results for the year. All remunerations are submitted to the salary and remuneration committee for review and are issued after approval by the board of directors.

B. Remuneration: According to the company's articles of association, when there is profit in the year, the director's remuneration may be within an amount not exceeding 1% of the current year's profit as the director's remuneration for that year.

C. Transportation expenses and other allowances will be paid in accordance with the standards specified in these guidelines.

- (B) The Company has established the "Remuneration Payment Standards for Managers", which includes monthly salary, bonus, welfare allowance, etc.

The remuneration for managers is paid based on the Company's "Remuneration Standards for Managers" and the salary level of the position in the industry market, the scope of powers and responsibilities of the position in the Company, and the individual's performance achievement rate and contribution to the Company's performance.

- (C) In order to improve the corporate governance system and effectively urge directors and managers to perform their duties, the Company has established "Performance Evaluation Standards for Directors" and "Performance Evaluation Standards for Managers", and set indicators such as board attendance rate, social responsibility performance, business, financial operation supervision, internal audit and internal control and annual target achievement, internal control, leadership and management capabilities for directors and managers, respectively, and use the evaluation results as the basis for salary adjustment and bonus award of executive directors and managers, which shall be examined and evaluated by the Remuneration Committee every year and submitted to the Board of Directors for approval.

- (3) According to the Company's regulations, the Remuneration Committee will review the performance appraisal and remuneration payment methods every three years and may review and revise them at any time as required.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors

The 19th term of Directors (Statistical period: 2023.1.1 to 2023.6.8)

A total of 4 meetings [A] of the Board of Directors were held in the most recent year. The attendance (appearance) of Directors and Supervisors was as follows:

Title	Name (Note 1)	Number of Actual Attendance (Appearance) (B)	Times of Attendance by Proxy	Actual Attendance (Appearance) Rate (%) [B/A] (Note 2)	Remark
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	4	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	3	1	75	
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	4	0	100	
Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	4	0	100	
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang	3	1	75	
Director	Representative of Cathay Charity Foundation: Daniel Tung	4	0	100	
Independent Director	Lin, Shiou-Ling	2	2	50	
Independent Director	Wu, Chih-Wei	4	0	100	
Independent Director	James Y. Chang	4	0	100	

The 20th term of Directors (Statistical period: 2023.6.9 to 2023.12.31)

A total of 5 meetings [A] of the Board of Directors were held in the most recent year. The attendance (appearance) of Directors and Supervisors was as follows:

Title	Name (Note 1)	Number of Actual Attendance (Appearance) (B)	Times of Attendance by Proxy	Actual Attendance (Appearance) Rate (%) [B/A] (Note 2)	Remark
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	5	0	100	

Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	5	0	100	
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	5	0	100	
Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	5	0	100	
Director	Employee Welfare Committee of Cathay Real Estate Corporation Representative: Lin, Chin-Liang	5	0	100	
Director	Representative of Cathay Charity Foundation: Chuang, Wan-Hua	5	0	100	
Independent Director	James Y. Chang	5	0	100	
Independent Director	Yu, Tsu-Kang	5	0	100	
Independent Director	Lee, Li-Kun	5	0	100	

Note 1. For directors and supervisors who are juristic persons, the name of juristic person shareholders and their representatives shall be disclosed.

Note 2. (1) Where a director or a supervisor resigns before the end of the fiscal year, the Remark column shall be filled with the director's or supervisor's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' meetings held and the actual attendance in person during the period during his/her term of office.

(2) When the election of directors and supervisors is held before the end of the year, the names of both the incoming and outgoing directors and supervisors shall be listed in the remark column with annotations specifying whether the directors and supervisors are outgoing, incoming or re-elected, as well as the date of the election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified: None.

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

(II) In addition to the preceding matter, other resolutions of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements.

II. In regards the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated:

Name of Director	Proposal	Reason for Recusal	Participation in Voting
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang	Annual bonus and special incentive payments for directors and managers actively involved in the year's business operations.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Chang, Ching-Kuei, Lin, Shiou-Ling, Wu, Chih-Wei, James Y. Chang	Remuneration assessment for independent directors and executive directors actively involved in the year's business operations.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang	Annual Evaluation of Managers' Compensation	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Lin, Chin-Liang	To lift the restrictions on competition prohibition imposed on the Company's managerial officers.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Lin, Chin-Liang	To lift the restrictions on competition prohibition imposed on the Company's managerial officers.	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Daniel Tung, Lin, Chin-Liang, Chu, Chung-Chang	Deliberation on 2022's Distribution of Employee and Director Compensation	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Chu, Chung-Chang, James Y. Chang	Review of candidate qualifications for the 20th term of directors (including independent directors) of the Company	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Chang, Ching-Kuei, Tsai, Chung-Yan, Lee, Hung-Ming, Lin, Chin-Liang, Chu, Chung-Chang	To lift the restrictions on competition prohibition for the 20th term of directors (including independent directors) of the Company	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Tsai, Chung-Yan, Chu, Chung-Chang	The Company intends to acquire the right-of-use assets of Taipei International Tower and Cathay Landmark Tainan from the related party "Cathay Life Insurance Co., Ltd."	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
James Y. Chang, Yu, Tsu-Kang, Lee, Li-Kun	Appointment of members of the Fifth Remuneration Committee of the Company	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.
Chang, Ching-Kuei, James Y. Chang, Yu, Tsu-Kang,	Assessment and Approval of Remuneration for Independent Directors and Directors Actually	Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting.

Name of Director	Proposal	Reason for Recusal	Participation in Voting
Lee, Li-Kun	Involved in Business Operations in 2023		

III. A listed company shall disclose information regarding cycle, period, scope, and method of self- (or peer) evaluation of the Board of Directors and fill out the implementation status of the evaluation of the Board:

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	From January 1, 2023 to December 31, 2023.	The Board of Directors and various functional committees (including the Audit Committee and the Compensation Committee)	Evaluation by the executing unit, self-evaluation by each director and each functional committee (including the Audit Committee and the Remuneration Committee).	The performance evaluation indicators of the Company's Board of Directors and functional committees (including the Audit Committee and the Remuneration Committee) should respectively include the following five aspects, with each aspect divided into "qualitative measurement indicators" and "quantitative measurement indicators": 1. Degree of participation in the Company's operations. 2. Improvement in the quality of decision-making of the Board of Directors (functional committees). 3. Composition and structure of the Board of Directors (functional committees). 4. Election and continuing education of the Directors (members of functional committees). 5. Internal control.

The performance evaluation of the Directors of the Company includes monitoring the main responsibility indicators such as "company business execution", "financial operation status", "internal audit and internal control", "risk management, legal compliance" and "corporate performance of corporate social responsibility", "board attendance rate" and other reference indicators, and the evaluation process is composed of self-evaluation, reevaluation and ratification, etc.

Note 1. Fill in the execution period of the evaluation of Board of Directors.

Note 2. Fill in the period covered by the evaluation of Board of Directors.

Note 3. The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual Directors, and functional committees.

Note 4. Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5. The contents of the evaluation shall include at least the following items:

- (1) Performance evaluation of the Board of Directors: The evaluation shall include at least the "participation in the operations of the Company", "improvement of the quality of the Board of Directors' decision making", "composition and structure of the Board of Directors", "election and continuing education of the Directors", "and "internal control".
- (2) Performance evaluation of individual Directors: The evaluation shall include at least the "familiarity with the goals and missions of the Company", "knowledge of the duties of Directors", "degree of participation in the Company's operations", "management of internal relations and communication", "professional and continuous education of Directors", and "internal control".
- (3) Performance evaluation of functional committees: Degree of participation in the Company's operations, knowledge of the duties of the functional committee, improvement in the quality of functional committee decisions, functional committee composition and election of members, and internal control.

IV. The Board of Directors Performance Linkage and Evaluation Result:

In accordance with the revised "Performance Evaluation Measures for the Board of Directors and Functional Committees" approved by the Board of Directors, the Company conducts annual performance evaluations of the Board of Directors and various functional committees (including the Audit Committee, Compensation Committee) in December each year.

The evaluation targets includes the overall operation of the Board of Directors, the performance of individual directors, and of functional committees (including the Audit Committee and the Compensation Committee.) The performance evaluation indicators of the Company's Board of Directors and functional committees are branched into the following five major dimensions, and each dimension is further divided into "qualitative measurement indicators" and "quantitative measurement indicators":

1. Aspects of the Board of Directors' Performance Evaluation:

- (1) Degree of participation in the Company's operations.
- (2) Improvement in the Board of Directors' (functional committees') decision-making capability.

- (3) The composition and structure of the Board of Directors (functional committees).
- (4) The election and appointment as well as continuing education of Directors (functional committees).
- (5) Internal control.

2. Performance Evaluation Criteria for Functional Committees:

- (1) Degree of participation in the Company's operations.
- (2) Responsibility awareness of functional committees
- (3) Enhancing the quality of decision-making skills
- (4) The composition and selection of members
- (5) Internal control

The assessment results are divided into three levels: beyond the standard, meeting the standard and to be strengthened, i.e. when the achieving rate of the quantitative measurement indicators and qualitative measurement indicators is 90% or more, it is beyond the standard; when it is more than 80% and less than 90%, it is meeting the standard; when it is less than 80%, it is to be strengthened.

The internal performance evaluation results of the Company's Board of Directors and functional committees (including the Audit Committee and Compensation Committee) for fiscal year 2023 were all "exceeding standards". The results were reported to the Board of Directors on March 14, 2024, demonstrating the Company's success in enhancing the efficacy of the Board of Directors and functional committees. The "Performance Evaluation Measures for the Board of Directors and Functional Committees" has been disclosed on the Public Information Observatory and the Company's website, the performance evaluation results of the Board of Directors and functional committees (including the Audit Committee and Compensation Committee) were also published in the annual report and on the Company's website for reference.

- V. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g., establishing an audit committee and enhancing information transparency), and evaluation of target implementation:

Strengthen the functions of the Board of Directors.

The Board of Directors of the Company consists of 9 directors. In order to strengthen the professional function of the Board of Directors and to be in line with international standards, the Company has set up a Remuneration Committee to formulate and evaluate the performance evaluation and remuneration standards of the Company's directors and managers, aiming to effectively establish the remuneration and performance appraisal system for the directors and managers of the Company, and further improve the Company's operational performance; an Audit Committee is also set up, consisting of all independent directors, to assist the Board of Directors to improve corporate governance performance. The members of the Board of Directors of the Company are diverse and include different professional experiences/fields of work and backgrounds. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the "Policy on Diversity of Board Members" is covered in paragraph 2 of the Company's Corporate Governance Best-Practice Principles. The relevant content and implementation are as follows:

In order to improve the structure of the Board of Directors, the members of the Board of Directors should be diverse, such as with different professional experience, gender or work field, etc., and should generally possess the knowledge, skills and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operation and management ability.
4. Crisis handling capability.
5. Industrial knowledge.
6. International market view.
7. Leadership.
8. Decision-making ability.

The current Board of Directors of the Company consists of 9 Directors, including 3 Independent Directors with extensive experience and expertise in the fields of business, construction, and law. In addition, the Company also focuses on gender equality in the composition of the Board of Directors; the ratio of female Directors is at least 10%. Currently there are 9 Directors, including a female director and the ratio is 11%.

The implementation is as follows:

Diversified core Item Name of Director	Basic Composition						Experience/ Field of Work						Backgrounds										
	Nationality/Place of Incorporation (Note)	Gender	A Concurrent Employee of the Company	Age				Seniority of Independent Director		Real Estate	Health Management\Medical Treatment	Hotel Tourism	Financing Control\Banking\Insurance	Information\Telecom\Media	Manufacturing\Investment\Others	Business	Building	Law	Public Administration	Business Management			
				40 or 50	51 or 60	61 or 70	71 or 80	Less than 3 years	3 to 9 years														
Chang, Ching-Kuei	1	Male		1	2	2	4			✓	✓				✓	✓							
Lee, Hung-Ming	1	Male	✓									✓		✓	✓		✓	✓			✓		
Tsai, Chung-Yan	1	Male	✓									✓	✓		✓			✓				✓	
Lin, Chin-Liang	1	Male	✓									✓		✓	✓	✓		✓	✓				
Chuang, Wan-Hua	1	Female										✓		✓				✓					
Chu, Chung-Chang	2	Male										✓			✓		✓	✓					✓
James Y. Chang	1	Male											✓	✓					✓		✓		
Yu, Tsu-Kang	1	Male										✓		✓				✓	✓				✓
Lee, Li-Kun	1	Male										✓		✓					✓		✓		

Note: Nationality/Place of Incorporation: 1. Republic of China, 2. Canada.

(II) Operations of the Audit Committee

The Company's Audit Committee is solely composed of all Independent Directors. The goal of the Audit Committee is to provide assistance to the Board of Directors in performing its duty of supervising the Company on accounting, auditing, financial reporting process and quality of financial control, and integrity related matters.

The tasks of the Audit Committee mainly include the following:

1. Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act
2. Assessment of the effectiveness of the internal control system
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
4. Items that involve the director's own interests.

5. Major assets or derivatives transactions.
6. Significant loaning of funds, providing endorsements/guarantees.
7. Raising, issuing or privately placing equity-type securities.
8. Appointment, dismissal, and compensation of CPAs.
9. Appointment and dismissal of finance manager, accounting manager, and head of internal audit.
10. The annual financial report signed or stamped with the seal of the Chairman, managerial officer, and chief accounting officer.
11. Business report.
12. Proposal of profits distribution or deficit compensation.
13. Other major items required by the Company or the competent authority.

Key auditing items include:

1. Review financial statements:

The Board of Directors prepared the Company's 2022 annual Business Report, Financial Statements (including consolidated financial statements), and an earnings distribution proposal, among which the Financial Statements (including consolidated financial statements) have been audited by Hsu, Jung-Huang and Ma, Chun-Ting, CPAs at Ernst & Young, by whom an audit report has been issued. The above-mentioned reports presented by the Board of Directors have been verified by the Audit Committee, and it is considered that there is no inappropriate content. After review and approval by the company's audit committee on March 14, 2023, the company's 2023 regular shareholders' meeting report will be submitted.

2. Assessment of the effectiveness of the internal control system:

The Audit Committee has assessed the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited The Company's audit department and CPAs, as well as management's periodic reports, including risk management and regulatory compliance. The committee also referred to the Internal Control - Integrated Framework which is published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and concluded that the Company's risk management and internal control system is effective, the Company has also adopted required control mechanism to supervise and correct the violations.

3. Appointment of CPAs

In order to ensure the neutrality of financial statements, the Audit Committee is entrusted with the responsibility of overseeing the independence of the certified public accounting firm. The Company's appointment of CPAs is on an annual basis. Generally speaking, apart from tax-related services listed in the "Pre-approval Policy for Non-assurance Services of Certified Public Accountants" or specially approved items, the certified public accounting firm may not provide the Company with other services.

The remuneration of certified public accountants should be approved by the Audit Committee to ensure the independence of the certified public accounting firm. The Audit Committee evaluates the independence, professionalism, and suitability of the CPAs by referring to Article 47 of the Certified Public Accountant Act and Bulletin No.10 "Integrity, Fairness, Objectivity and Independence" of the Certified Public Accountant's Code of Professional Ethics, as well as the "Audit Quality Indicators" (hereinafter referred to as AQI) provided by the firm. The evaluation includes examining whether there is a related party relationship, business or financial interests between the firm and the Company, and the AQIs (encompassing professionalism, quality control, independence, supervision, and innovation capability), the accountants' personal resumes (including relevant experience, professional qualifications, and major clients), and other items. The CPAs are also required to issue an independence statement.

The 2nd term of Audit Committee (Statistical period: 2023.1.1 to 2023.6.8)

The Audit Committee held 4 meetings (A) in the most recent year; the appearance of members is summarized as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	Lin, Shiou-Ling	2	2	50	
Independent Director	Wu, Chih-Wei	4	0	100	
Independent Director	James Y. Chang	4	0	100	

The 3rd term of Audit Committee (Statistical period: 2023.6.9 to 2023.12.31)

The Audit Committee held 3 meetings (A) in the most recent year; the appearance of members is summarized as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	James Y. Chang	3	0	100	
Independent Director	Yu, Tsu-Kang	3	0	100	
Independent Director	Lee, Li-Kun	3	0	100	

Note:

1. If an Independent Director resigns before the end of the year, the resignation date shall be specified in the Note column. The percentage of attendance in person (%) shall be calculated based on the number of meetings held by the audit committee and the number of actual attendance during the term of service.
2. If an Independent Director is elected before the end of the year, incoming and outgoing Independent Directors shall be listed accordingly, and the Note column shall indicate whether the status of an Independent Director is "outgoing," "incoming," or "re-elected," and the date of re-election. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

Other matters to be recorded:

- I. If the operation of the Audit Committee falls under any of the following circumstances, the meeting date of the Audit Committee, the session, the content of the proposals, the independent directors' objections, reservations or major proposals, the results of the Audit Committee's resolutions, and the Company's handling of the comments of the Audit Committee:

(I) Items listed in Section 5, Article 14 of Securities and Exchange Act are explained as follows:

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
The 18th Session of the	1. To lift the restrictions on competition prohibition imposed on the Company's managerial officers.	✓	✗

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
19th Meeting on 2023.1.17	2. Amend the Company's "Internal Control System for Stock Affairs Unit" and "Internal Audit Implementation Rules for Stock Affairs Unit"	✓	✗
	3. Proposed to commission the subsidiary "San Ching Engineering Co., Ltd." To undertake the new construction project of "Cathay Meihe" in Beitun District, Taichung City.	✓	✗
	Results of the Board's resolution (January 17, 2023): The 1st proposal to the 3th proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 19th Session of the 19th Meeting on 2023.2.24	1. Submission of the "Internal Control System Statement for the Year 2022" to the Securities and Futures Bureau, Financial Supervisory Commission for the Company.	✓	✗
	2. 2022 Annual Business Report.	✓	✗
	3. To lift the restrictions on competition prohibition imposed on the Company's managerial officers.	✓	✗
	4. Propose to sell the housing properties and parking spaces of the Company's pre-sale construction projects to related parties.	✓	✗
	Results of the Board's resolution (February 24, 2023): The 1st proposal to the 4th proposal were passed with the consent of all the attending independent directors The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 20th Session of the 19th Meeting on 2023.3.14	1. 2022 Individual Financial Statements and Consolidated Financial Statements.	✓	✗
	2. Propose the approval of Ernst & Young Global Limited and its associated firms to perform non-assurance (non-audit) services for the Company and its subsidiaries.	✓	✗
	Results of the Audit Committee resolution (March 14, 2023): The 1st proposal to the 2th proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 21th Session of the 19th Meeting on 2023.4.27	1. 2022 annual earnings distribution.	✓	✗
	2. Review of candidate qualifications for the 20th term of directors (including independent directors) of the Company.	✓	✗
	3. To lift the restrictions on competition prohibition for the 20th term of directors (including independent directors) of the Company.	✓	✗

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	4. Amend and add tasks to The Company's 'Internal Control System' and 'Internal Audit Implementation Rules' for the preparation and verification of sustainability reports.	✓	✗
	5. Amendments to the Company's 'Internal Control System and Internal Audit Implementation Rules for the Share Administration Unit'.	✓	✗
	6. Personnel case of the Company's new financial and accounting executives.	✓	✗
	7. The Company intends to acquire the right-of-use assets of Taipei International Tower and Cathay Landmark Tainan from the related party "Cathay Life Insurance Co., Ltd.	✓	✗
	Results of the Audit Committee resolution (April 27, 2023): The 1st proposal to the 7th proposal were passed with the consent of all the attending independent directors The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 1st Session of the 20th Meeting on 2023.6.21	1. Propose the approval of Ernst & Young Global Limited and its associated firms to perform non-assurance (non-audit) services for the Company and its subsidiaries.	✓	✗
	2. Appointment of members of the Company's Fifth Compensation Committee.	✓	✗
	3. Review the Company's 'Organizational Rules of the Audit Committee.	✓	✗
	4. Propose to sell the housing properties and parking spaces of the Company's pre-sale construction projects to related parties.	✓	✗
	Results of the Audit Committee resolution (June 21, 2023): The 1st proposal to the 4th proposal were passed with the consent of all the attending independent directors The 1st proposal was passed with the consent of all the attending independent directors The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 3rd Session of the 20th Meeting on 2023.8.9	1. Revise the company's 'Internal Control System.	✓	✗
	2. It is proposed to commission the subsidiary "Sanyu Construction Co., Ltd." to undertake the new construction project of the "Dun North Urban Renewal Project" of the Company in Songshan District, Taipei City.	✓	✗
	3. It is proposed to have the subsidiary "San Ching Engineering Co., Ltd." undertake the new construction project "Cathay.Hsu" of the Company in Xinzhuang District, New Taipei City.	✓	✗
	4. It is proposed to commission the subsidiary "San Ching Engineering Co., Ltd." to undertake the new construction project "Cathay Min Le" in Yonghe District, New Taipei City.	✓	✗
	Results of the Audit Committee resolution (August 9, 2023):		

Board of Directors	Proposal of the Board of Directors	Matters referred to in Article 14-5 of the Securities and Exchange Act:	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	The 1st proposal to the 4th proposal were passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		
The 4th Session of the 20th Meeting on 2023.11.8	1. Consolidated Financial Report for the first three quarters of 2023.	✓	✗
	Results of the Audit Committee resolution (November 8, 2023): The 1st proposal was passed with the consent of all the attending independent directors		
	The Company's actions in response to the opinions of the Audit Committee: Approved by all the attending directors (Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)		

(II) In addition to the items in the preceding sentence, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: None

II. In regards the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated.

Name of Independent Director	Proposal	Reason for Recusal	Participation in Voting
James Y. Chang	Review of candidate qualifications for the 20th term of directors (including independent directors) of the Company.	Independent Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting
James Y. Chang, Yu, Tsu-Kang, Lee, Li-Kun	Appointment of the Company's 5th Compensation Committee members.	Independent Directors on the left were involved in the contents of motion.	Did not participate in discussion and voting

III. Communications between independent directors and head of internal audit and CPAs (material methods and outcomes related to the Company's financial and business status should be included).

1. The Company's Audit Committee is composed of Independent Directors solely. The CPA reports at least once a year to the Independent Directors on the Company's financial status and internal control check. In the absence of general directors and the management, it reports to the independent directors, and communicates the impact of major adjustments or legislative amendments. Summary of previous communications:

Date	Nature	Key Communications Points	Communication Results
2023.3.14	Board of Directors Pre-meeting conference	<ol style="list-style-type: none"> 1. CPA's independence statement. 2. The CPA explained the audit work on the financial statements for 2022, the scope of the Group's audit, the scope of communication and internal control testing, related party relationships and transactions, key audit matters and the content of the client representation letters and reported on the execution and results of internal control testing. 3. The scope of audit for the fiscal year 2022 and the audit opinion to be issued by the CPAs. 4. The influence of the recent law and regulations amendments concerning security management, taxation, and corporate governance. 	<ol style="list-style-type: none"> 1. The Audit Committee approved the financial statements for the year 2022 and submitted them to the Board of Directors for approval, and they were announced and filed as scheduled. 2. Independent director's recommendation: None

2. At least once a year, the Chief Auditing Officer of the Company communicates on the audit report and the follow-up implementation to the independent directors in the absence of general directors and management. The summary of the communication is as follows:

Date	Nature	Key Communications Points	Communication Results
2023.3.14	Board of Directors Pre-meeting conference	1. Implementation of 2022 audit.	1. Fully inform the independent directors of the follow-up suggestions for improvement. 2. Suggestions from independent directors: none

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best-practice Principles" on March 19, 2020, and disclosed the principles on the Market Observation Post System (MOPS) and the Company website. (http://www.cathay-red.com.tw/tw/About/ManageRegulation)	No significant difference.
II. Shareholding structure & shareholders' rights (I) Has the Company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		When dealing with shareholders' suggestions or disputes, the spokesman, acting spokesman and the stock affairs unit are responsible for summarizing and dealing with them.	No significant difference.
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		The Company reports information regarding changes in shareholding of major shareholders to TWSE monthly in accordance with Article 25 of the Securities and Exchange Act, and makes sure that the register of shareholders and the application materials are consistent when the stock transfer is stopped to keep abreast of the shareholding of major shareholders. The Company also discloses the list of all shareholders with a stake of 5 percent or greater in the quarterly (annually) financial statements.	No significant difference.
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		The financial operations of the Company and its affiliates operate independently, and a subsidiary supervision operation system has been established.	No significant difference.
(IV) Has the Company formulated internal regulations that prohibit insiders of the Company from trading securities using undisclosed information in the market?	V		The Company has formulated the Insider Trading Prevention Management Regulations and Code of Ethical Conduct. Any sensitive information that may significantly impact securities trading prices that insiders have become aware of during the course of their duties shall be kept strictly confidential in accordance with the Securities and Exchange Act before said information is publicly disclosed. Insiders shall also not engage in insider trading through taking advantage of said information.	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversified policy and specific management targets for the composition of its members?	V		The Company has established a diversified policy for the composition of the Board in Corporate Governance Best Practice Principles, taken into account the gender of members, covered all professional fields, and led to a prosperous development of the operations of the Company. Please refer to pages 39-40.	No significant difference.
(II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		V	In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, the Company will establish other functional committees if necessary.	No significant difference.
(III) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		The Company has formulated rules and procedures for evaluating the Board's performance and conducts it annually. Please refer to pages 51-53 and 57-60.	No significant difference.
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>The Company's appointment of CPAs is on an annual basis. When appointing the accounting firm, the Company obtains a declaration of independence from the CPAs and evaluates their performance based on the dimensions of the "Audit Quality Indicators" (hereinafter referred to as AQI) provided by the firm, encompassing of "professionalism", "quality control", "independence", and "supervision." The evaluation of the certified public accountants is as follows:</p> <p>Professionalism:</p> <p>Whether the accounting firm and certified public accountants have sufficient audit experience.</p> <ol style="list-style-type: none"> Whether the accounting firm and certified public accountants have sufficient audit experience. Whether the accountants and firm employees have sufficient education and training hours. Whether the turnover rate of the firm is reasonable and holds sufficient support from other professional departments . <p>Quality Control:</p> <ol style="list-style-type: none"> Whether the number of audit clients for an accountant is reasonable or overloaded. The status of the Engagement Quality Control Review (EQCR) and whether the support from the quality control department is sufficient. <p>Independence:</p> <ol style="list-style-type: none"> Whether the proportion of non-assurance services provided by the accounting firm appropriate? The accounting firm's familiarity with the case and whether the accountant have provided audit services for less than seven consecutive years. <p>Submit the assessment results above to the audit committee and the board of directors for discussion and use as a reference for the board to appoint a visa accountant.</p> <p>The assessment results of the recent two years have been reported to the Board of Directors for approval on November 9, 2022 and March 14, 2024, respectively.</p>	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
IV. Whether the TWSE/TPEX listed companies are equipped with competent and appropriate number of corporate governance personnel, and specify the head of corporate governance to be responsible for corporate governance related matters (including but not limited to providing data required by Directors and Supervisors in the execution of business, assisting Directors and Supervisors to comply with laws and regulations, handling relevant matters of meetings of the Board of directors and shareholders' meeting in accordance with laws, and preparing records for the Board of Directors and shareholders' meetings, etc.)?	V		<p>Yan, Miao-Ru has served as the corporate governance supervisor responsible for corporate governance upon the resolution of Board meeting held on April 25, 2019.</p> <p>1. The implementation of corporate governance is as follows:</p> <ul style="list-style-type: none"> (1) Handling of matters relating to the meetings of the Board of Directors and Shareholders' Meetings in compliance with law. (2) Produce meeting minutes for the meetings of the Board of Directors and Shareholders' Meetings. (3) Assist the Directors in taking office and continuing education. (4) Provision of information required for performance of duties by the Directors. (5) Assistance in the directors' and supervisors' compliance of law. (6) Other matters set forth in the Company's Articles of Incorporation or contracts. <p>2. Operations carried out in 2022 and 2023:</p> <ul style="list-style-type: none"> (1) Review and revise relevant regulations <ul style="list-style-type: none"> ●Review the Organization Rules of the Audit Committee. ●Review the organizational rules of the Salary and Compensation Committee. ●Performance evaluation method for reviewing the Board of Directors. ●Review and amend the guidelines for directors' remuneration, directors' performance evaluation, managers' remuneration, and managers' performance evaluation. ●Standard operating procedures for handling directors' amendment requests. ●Amending the Corporate Sustainable Development Best Practice Principles and the Ethical Corporate Management Best Practice Principles. ●Amend the Rules of Procedure for the Board of Directors. ●Revise the charter. ●Amend the Rules of Procedure for Shareholders' Meetings. ●Revise the procedure for the election of directors. (2) Purchase Directors and Officers Liability Insurance with a coverage amount of USD 5 million for the insured period from 2023/6/18 to 2024/6/18. (3) Completion of the 20th Board of Directors election. (4) Completion of the Board of Directors' performance evaluation for the year 2023. (5) Handle matters relating to the meetings of the Board of Directors and Shareholders' Meetings. <p>3. Training hours and content of the Chief Corporate Governance Officer in 2023:</p> <ul style="list-style-type: none"> (1) Republic of China Business Council for Sustainable Development Business 	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			Resilience Taiwan Competitiveness/3 hours. (2) Securities and Futures Institute of the Republic of China 2023 Insider Trading Prevention Promotion Seminar/3 hours. (3) Taiwan Stock Exchange Cathay Sustainable Finance and Climate Change Summit/6 hours. (4) Financial Supervisory Commission The 14th Taipei Corporate Governance Forum/3 hours.	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		Please refer to pages 104-106.	No significant difference.
VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?		V	As the Company handles its own stock affairs and has a stock affair unit responsible for handling shareholders' issues and affairs of shareholders' meeting, no stock affair agency has been appointed.	No significant difference.
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		The Company has established website ("Investor Zone" and "Corporate Social Responsibility Zone") to disclose both financial standings and the status of corporate governance. (https://www.cathay-red.com.tw/tw/Investor/FinanceStatement) (http://www.cathay-red.com.tw/tw/About/ManageDirectors)	No significant difference.
(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	V		Designate specific personnel to collect company information and disclose it both on the Company's Chinese and English websites, and implement a spokesperson system.	No significant difference.
(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	Published within the prescribed filing time limit.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		Please refer to pages 102-108.	No significant difference.
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (Leave this section blank if the Company is not included in the evaluation process)	V		1. Completed improvements: (1) Formulation of an intellectual property management plan linked to operational objectives, disclosure of implementation statuses on the Company's website or annual report and reporting to the Board of Directors at least once a year. (2) The company's interim financial report has been approved by the audit committee since November 8, 2019, and has been submitted to the board of directors for discussion and resolution.	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			2. Priorities and measures: Starting from 2024, the Company plans to hold at least two investor conferences either self-organized or through invitation, with an interval of more than three months between the first and last investor conferences in the evaluated year.	
X. Does the Company have an intellectual property management plan linked to its business objectives and disclose its implementation on the Company website or in the annual report and report to the Board at least once a year?	V		<p>The Company deeply cultivates Taiwan's real estate market with four major guarantees. In order to protect the brand value, maintain the brand value, reduce the intellectual property risk, and enhance the competitiveness, the Company has formulated an intellectual property management plan. The implementation result of the above-mentioned plan as well as that of the sustainable development strategy will be reported to the Board of Directors annually. The 2023 Intellectual Property Management Plan, along with a review of the corporate sustainability development implementation effectiveness was submitted to the Board of Directors on March 14, 2024.</p> <p>The intellectual property rights management plan includes:</p> <ol style="list-style-type: none"> 1. Patents: 1 new patent has been obtained since its introduction in 2021. In the future, we will regularly review the current status and management of patents, and in response to the rapid development of technology and economic environment, pay attention to relevant laws and regulations and future developments, and encourage colleagues to develop and innovate their businesses, strive for and protect patents of the Company. 2. Trademarks: There are a total of 66 registered trademarks. In order to implement trademark management, safeguard the Company's rights and interests and control risks, and maintain a competitive advantage in operations, the Company regularly reviews the status of trademark applications and maintenance every year. The Company also dynamically manages trademark registration and maintenance to effectively protect the Company's trademark rights and corporate identity in line with business development needs. Trademark course education and training sessions were held in 2023 in order to promote legal perspectives and practical cases. 3. Copyright: The Company agrees on the ownership of copyright with employees and external vendors, and shall not infringe the copyright of others, so as to maintain and manage the Company's copyright. 4. Trade secrets: In the internal regulations such as Labor Contracts, Employee Codes of Conduct, Ethical Codes of Conduct, and Ethical Corporate Management Best-Practice Principles, the Company's personnel are required to keep confidential the business information they know directly or indirectly through the performance of business. Information security management and control is carried out to reduce the risk of leakage of confidential information, and a leakage 	No significant difference.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>reporting mechanism has also been established to reduce related impacts. The information outsourcing contract includes confidentiality clauses, penalties, damages claim and other related provisions to ensure that the cooperative vendors comply with the confidentiality obligations.</p> <p>The company will continue to plan the management policy of intellectual property rights such as patents, trademarks, copyrights and trade secrets in accordance with its operating goals and development strategies, in order to provide a strong backing for business development.</p>	

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

1. Information regarding the members of the Remuneration Committee

April 16, 2024

Title (Note 1)	Qualifications	Professional qualifications and experience (Note 2)	Independence Criteria (Note 3)	Number of publicly listed companies in which the member concurrently serves as a Remuneration Committee member
	Name			
Independent Director (Convener)	James Y. Chang	Refer to pages 33-39.	Refer to pages 33-39.	1
Independent Director	Yu, Tsu- Kang	Refer to pages 33-39.	Refer to pages 33-39.	0
Independent Director	Lee, Li-Kun	Refer to pages 33-39.	Refer to pages 33-39.	0

Note 1. Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the Remuneration Committee. If they are independent directors, please indicate to refer to Schedule 1 on page 00 and the Directors and Supervisors (I) for details. For title, please identify whether the person is an Independent Director or other (if a convener, please specify).

Note 2. Professional qualifications and experience: describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3. Independence: state the independence of the members of the Remuneration Committee, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and proportion of the Company's shares held by relatives (or in the name of others); whether they serve as directors, supervisors or employees that have a specific relationship with the Company (refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Remuneration Committee of TWSE/TPEX Listed Companies and Performance of Functions); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

2. Operations of the Remuneration Committee

- (1) The Company's 4th term of Remuneration Committee consists of 3 members. Term of office of the 4th term: June 24, 2020 to June 11, 2023. A total of two meetings (A) were conducted by the Remuneration Committee in the most recent fiscal year, where the qualifications and attendance of the members are as follows: (statistical period: 2023.1.1-2023.6.20)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	Lin, Shiou-Ling	2	0	100%	
Committee Member	Wu, Chih-Wei	2	0	100%	
Committee Member	James Y. Chang	2	0	100%	

- (2) The Company's 5th term of Remuneration Committee consists of 3 members. Term of office of the 4th term: June 21, 2023 to June 8, 2026. A total of one meeting (A) was conducted by the Remuneration Committee in the most recent fiscal year, where the qualifications and attendance of the members are as follows: (statistical period: 2023.6.21-2023.12.31)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	James Y. Chang	1	0	100%	
Committee Member	Yu, Tsu-Kang	1	0	100%	
Committee Member	Lee, Li-Kun	1	0	100%	

Note:

- Where a member of the Remuneration Committee resigns before the end of the fiscal year, the Remark column shall be filled with the member's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
- If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the status of a member is "outgoing", "incoming" or "re-elected", and the date of re-election. The actual attendance rate (%) is calculated based on the number of

meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(3) Responsibilities of the Remuneration Committee:

The Company has clearly stated the remuneration policy, scope, type and regular review mechanism for directors and managers in the remuneration payment standards. The remuneration of directors and managers is based on the results of performance evaluation and the usual standards of the industry every year, and is submitted to the Remuneration Committee for review on a case-by-case basis, and then submitted to the Board of Directors for approval, and the remuneration of directors and managers is regularly assessed every three years.

Remuneration Committee	Date	Important resolutions:
The 7th Session of the 4th Meeting	2023.1.17	<p>1. The granting of year-end bonuses and special incentive payments, etc., to directors and managers who participated in business execution of the fiscal year 2022.</p> <p>2. Through the assessment of remuneration for independent directors and executive directors who participated in business operations for the fiscal year 2022.</p> <p>3. Evaluation of managers' compensation for the fiscal year 2022.</p> <p>Resolution result: the above important resolutions were passed by all the directors attending the committee meeting without objection</p> <p>The Company's response: Submit to the Board of Directors for adoption by all directors present.</p> <p>(Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)</p>
The 8th Session of the 4th Meeting	2023.3.14	<p>1. Deliberation on the distribution of employee and director compensation for the fiscal year 2022.</p> <p>2. Amendments of the Company's 'Compensation Payment Guidelines for Directors.</p> <p>Resolution result: the above important resolutions were passed by all the directors attending the committee meeting without objection</p> <p>The Company's response: Submit to the Board of Directors for adoption by all directors present.</p> <p>(Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)</p>
The 1st Session of the 5th Meeting	2023.7.19	<p>1. Review of the Company's 'Organizational Rules for the Compensation Committee'.</p> <p>2. Review of the Company's 'Procedure for Board Performance Evaluation.</p> <p>3. Review and amendments of the Company's "Guidelines for Directors' Remuneration", "Guidelines for Directors' Performance Evaluation", "Guidelines for Managers' Remuneration", and "Guidelines for Managers' Performance Evaluation".</p> <p>4. Review and assessments of the compensation for independent directors and directors involved in business operations for the fiscal year 2023.</p> <p>Resolution result: the above important resolutions were passed by all the directors attending the committee meeting without objection</p> <p>The Company's response: Submit to the Board of Directors for adoption by all directors present.</p>

Remuneration Committee	Date	Important resolutions:
		(Note: See pages 56-57 for details on the implementation of directors' withdrawal from interest-related proposals)

3. Other matters that should be recorded:

- (1) If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- (2) If the members of the Remuneration Committee has any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.

(V) Implementation of the promotion of sustainable development and the differences and reasons from the Sustainable Development Best Practice Principles for TWSE or TPEx Listed Companies

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	√		<p>In order to effectively promote the implementation of corporate sustainable development responsibility, the Company established the CSR Committee in 2014, which was renamed as Corporate Sustainable Development Committee in 2022, and appoints a Chairman served by the President of the Company and the committee members are served by senior executive.</p> <p>Based on the nature of the tasks, the committee has established five specialized teams, including "Corporate Governance," "Customer Care," "Employee Care," "Environmental Protection," and "Social Welfare," with members comprised of cross-departmental personnel from the Company. Regular meetings are convened to supervise actions related to environmental, economic, and social aspects, facilitate cross-departmental communication, and track sustainability trends. Two meetings were held in 2023, and two sustainability workshops were organized to educate employees about carbon rights trends and new information. The committee reviews the performance related to significant sustainability issues, risk issues, and climate-related issues yearly, and formulates target guidelines for these issues.</p> <p>The "Corporate Sustainability Committee" has designated the Company's General Manager's Office as the dedicated unit for promoting the Committee's work, assisting in coordinating the Committee's affairs, and regularly submitting proposals to the Board of Directors to report on the implementation status. On February 24 and August 9, 2023, 2022 implementation review reports and publication reports were presented to the Board of Directors. (A review of the implementation effectiveness of corporate sustainability development in 2023 was presented to the Board of Directors on March 14, 2024.)</p> <p>Supervision by the Company's Board of Directors: The Committee consolidates ESG-oriented short-, medium- and long-term strategic plans according to the actual implementation status, which are submitted to the Chairman for approval and to the Board of Directors for resolution, so as to give full play to the Board of Directors' supervisory and management functions to ensure sustainability goals are achieved.</p>	No significant difference.
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with	√		The Company's risk assessment boundary is mainly based on the Company, including the existing business locations in Taiwan. The scope of the sustainability report covers Cathay Real Estate Development Co., Ltd. and part of the sustainability results of the investee companies in the consolidated financial statements (Cathay Real Estate Management Co., Ltd., Cathay Healthcare Management Co., Ltd. and Cathay Hospitality Consulting Co., Ltd.).	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof						
	Yes	No	Description							
the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)			<p>The Company's 2022 sustainability report has a special chapter (Chapter 1, Sections 1.2-1.3, P21-31) for the analysis of major sustainability issues. After comparing the risk issues with the material issues, the Company's annual material issues are listed, and management policies and guidelines are discussed in the subsequent chapters.</p> <p>Based on the assessed risks, relevant risk management policies or strategies are formulated:</p> <table><tr><th>Material issues</th><th>Risk assessment items</th><th>Description</th></tr><tr><td>Environment</td><td>Environmental impact and energy resource management</td><td><p>1. Upholding the five major sustainable building policies of 'environmental friendly design, environmental friendly construction materials, life cycle assessment, innovative R&D, and amicableness.</p><p>2. The Sustainability Committee refers to the TCFD guidelines and industry recommendations, as well as the TCFD application cases compiled by WBCSD, identify items of significant risks and opportunities, analyze their potential financial impacts on the Company's operations, and stipulate further formulated response measures based on these information.</p><p>3. The Company follows the Environmental Protection Administration's "Construction Waste Management Strategy", implements construction site waste reduction and classification operations, and formulated a waste treatment process management system.</p><p>4. The Company's construction projects fully adopt 100% green building ideologies, modular construction, and BIM technology;</p></td></tr></table>	Material issues	Risk assessment items	Description	Environment	Environmental impact and energy resource management	<p>1. Upholding the five major sustainable building policies of 'environmental friendly design, environmental friendly construction materials, life cycle assessment, innovative R&D, and amicableness.</p> <p>2. The Sustainability Committee refers to the TCFD guidelines and industry recommendations, as well as the TCFD application cases compiled by WBCSD, identify items of significant risks and opportunities, analyze their potential financial impacts on the Company's operations, and stipulate further formulated response measures based on these information.</p> <p>3. The Company follows the Environmental Protection Administration's "Construction Waste Management Strategy", implements construction site waste reduction and classification operations, and formulated a waste treatment process management system.</p> <p>4. The Company's construction projects fully adopt 100% green building ideologies, modular construction, and BIM technology;</p>	
Material issues	Risk assessment items	Description								
Environment	Environmental impact and energy resource management	<p>1. Upholding the five major sustainable building policies of 'environmental friendly design, environmental friendly construction materials, life cycle assessment, innovative R&D, and amicableness.</p> <p>2. The Sustainability Committee refers to the TCFD guidelines and industry recommendations, as well as the TCFD application cases compiled by WBCSD, identify items of significant risks and opportunities, analyze their potential financial impacts on the Company's operations, and stipulate further formulated response measures based on these information.</p> <p>3. The Company follows the Environmental Protection Administration's "Construction Waste Management Strategy", implements construction site waste reduction and classification operations, and formulated a waste treatment process management system.</p> <p>4. The Company's construction projects fully adopt 100% green building ideologies, modular construction, and BIM technology;</p>								

Promoted Item	Status of Implementation (Note 1)					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof		
	Yes	No	Description					
					<p>laying the foundation for smart buildings. Energy-saving designs are introduced to reduce building energy consumption, in line with green building and environmental sustainability principles.</p> <p>5. Greenhouse gases are regularly observed in accordance with ISO 14064-1, energy-saving and carbon reduction projects are simultaneously implemented to achieve effective resource management.</p> <p>6. The scope of the inventory includes the energy consumption across offices of Cathay Construction in the north, center and south of Taiwan, as well as Kaohsiung. With the addition of the reception center, warehouse, buildings, and uncompleted construction projects, while implementing energy-saving and carbon reduction initiatives to achieve effective resource management.</p>			
				Society	Occupational safety	<p>In order to reduce the occurrence of occupational hazards and safeguard the health and safety of employees, Cathay Construction formulated regulations and measures such as the "Implementation Measures for Protection of Maternal Health of Female Workers", "Prevention Plan for Diseases Caused by Abnormal Workloads", "Prevention Plan for Human Factors Hazards", and "Occupational Safety and Health Management Plan" in accordance with the regulations. Employee health seminars are regularly held every year, and</p>		

Promoted Item	Status of Implementation (Note 1)					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof		
	Yes	No	Description					
						prevention mechanisms and management measures are established on the construction sites to create a safe workplace environment.		
					Construction quality and safety	1. The Company has established a sound supplier selection and screening process for business partners, and require all suppliers to sign the "Corporate Social Responsibility Clause". 2. The Company implements the three-level quality control system and standard operating procedures for construction, and hold "Seminars on New Materials, New Equipment, and New Construction Methods" every quarter to analyze the latest technology and combine them with market demands, and ensure good quality of construction projects with refined product design.		
				Corporate governance	Client and consumer relationship management	1. To establish long-term, close and trustful relationship with customers, the Company has four service guarantees, including clearly-established ownership, construction in line with the drawings, timely completion, and sustainable service. 2. We proactively conduct customer satisfaction surveys at each stage of house purchase, and analyze statistical data for further feedback in order to continuously improve customer service experience and implement the Company's sustainable services.		

Promoted Item	Status of Implementation (Note 1)					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof	
	Yes	No	Description				
					<div>3. Community care activities are held on a regular basis, and customer relationship management is reinforced through social networking website and customer service APP.</div> <div>4. For a long time, we have been involved in the Lin Yuan Library, caring for the second generation of new immigrants, blood donation activities, Cathay Excellence Scholarship Program, providing warmth in the winter, and activities supporting remote area.</div>		
					<div>Stakeholders communication</div> <div>The Company regularly carries out survey of major issues towards internal and external stakeholders (customers/consumers, employees, partners, government agencies, investors, media, neighboring communities), and discloses the results in the Sustainability Report. Through the material topic analysis questionnaire system, we invite all stakeholders to assess the impact significance of the "scope or severity" and "likelihood of occurrence" for each item. Based on the responses, we analyze the significant impacts of Cathay Construction on the economy, environment, and society (human rights), and identify the significant impacts of concern to stakeholders of all categories. Various communication channels are established to respond to and meet the expectations of stakeholders for Cathay Construction.</div>		
III. Environmental issues (I) Has the Company established a suitable	v		The Company perceives that the environment protection is an important issue for people all over the world to work together and faces up to the importance of global warming				No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
environmental management system based on its industrial characteristics?			<p>to the ecological impact and environmental protection. The Company is in the construction investment industry with no qualification as a construction plant and entrusts the related businesses to the professional engineering management consulting firm and sets up Technology Department to manage the supervision, coordination, and management of construction of construction companies, actively promotes actual environmental protection activities such as energy conservation and carbon reduction to fulfill the social responsibilities of enterprises.</p> <p>"Since 2019, the Company has continued to conduct annual greenhouse gas inventory in accordance with ISO 14064-1:2018, tracking emission reduction performance and publicly disclosing it in the Sustainability Report and on the Company website: http://cathayred-csr.com/.</p>	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	√		<p>In response to world sustainability, environmental protection trends and corporate social responsibility, the Company actively introduces relevant strategic solutions such as green building, universal design, full-age housing, and environmental protection to create environmentally friendly spaces; in addition, it also actively promotes various energy reduction measures, adopts equipment designed for high energy efficiency and energy-saving to reduce the energy consumption of the Company and its products, aiming to optimize the energy use efficiency.</p> <ul style="list-style-type: none"> ➤ In 2022, the proportion of newly constructed green buildings reached 83%. ➤ In 2023, the green building concept will be fully introduced for new construction projects. ➤ In 2022, 100% of new construction projects adopted BIM technology, digitizing model information to reduce the risk of construction errors and energy consumption. ➤ Completed the renovation of the entire building's air conditioning system and updating the eco-friendly elevators, improving energy efficiency. ➤ Promote remote video conferencing and paperless meetings to reduce carbon emissions from transportation and paper production. ➤ Hiring 100% qualified waste disposal contractors to handle the relevant construction waste. <p>In addition, the completion of air conditioning equipment update for the entire building and replacing the environmentally friendly elevators has improved energy efficiency. Remote video conferencing, the introduction of electronic whiteboards, and the paperless operation mode for meetings have become increasingly advance, significantly enhancing the efficiency and effectiveness of resource utilization.</p> <p>In order to maintain the environment and care for the environment protection, the Company uses building material equipment with low impact on the environmental load.</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<ol style="list-style-type: none"> 1. Use energy-saving T5, LED lamps. 2. Set up a rainwater recovery system and use water-saving toilets, faucets, sensor faucets in the public area and other appliances. 3. Set energy-saving sensitization control and solar power generation equipment. 4. Replace the traditional ballast with the electronic energy-saving ballast. 5. Increase window opening and light guiding in architectural planning. 6. Increase ventilation and heat convection in equipment planning, and use natural ventilation to reduce heat. 7. Use frequency conversion and energy saving host as air conditioning equipment. 8. Carry out shade tree planting green design on roof and in garden. 9. Give priority to use green building material seal for interior and exterior decoration. 10. The new project of the building aims to obtain the green building certificate. In 2022, 6 projects have obtained the green building candidate certificate or mark. 11. Require builders to strengthen environmental maintenance on the site, including air pollution prevention, noise control and water pollution prevention. 12. Invest in energy-saving or green energy-related machinery and equipment: the 2023 Taichung Financial Building replacement project for energy-saving elevators (4 units), each elevator speed is 300m/min, and the power recovery device can save 46% of electricity (about 833 degrees). The annual electricity bill saves about NT\$16,000 to NT\$17,000. 	
(III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures against relevant issues?	V		<p>The Company has a "Corporate Sustainability Committee" as the highest sustainability implementation unit, with the President serving as the Chairman. The Corporate Sustainability Committee systematically identifies and evaluates climate change-related risks and opportunities every year, look into its financial impact on corporate operations, take responsibility for formulating and promoting corporate social responsibility policies, systems and implementation plans, and regularly report environment-related implementation results to the Board of Directors.</p> <p>As the highest supervisory unit for the Company's sustainability management strategy and operations, the Board of Directors has established a Sustainability Committee and five functional teams under its purview. These serve as platforms for cross-departmental communication and management of corporate social responsibility issues. They are responsible for executing and promoting major sustainability issues, risk issues, and climate-related initiatives, and regularly report to the Board of Directors on the performance of environmental-</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof																		
	Yes	No	Description																			
			<p>related programs. Each year, the Sustainability Committee refers to the TCFD guidelines, industry-specific recommendations, and WBCSD's compilation of TCFD application cases to identify material risks and opportunities. The committee analyzes their potential financial impact on the company's operations and uses this as a basis for further developing subsequent response measures.</p> <p>The Company has identified climate-related risks and opportunities, including physical risks such as the increasing severity of extreme weather events like typhoons, floods, and droughts, as well as transition risks such as rising raw material costs, increased pricing of greenhouse gas emissions, and higher costs associated with transitioning to low-carbon technologies.</p> <p>Furthermore, we have analyzed and cross-referenced the impacts of climate-related opportunities and compiled the potential financial implications on Cathay Construction's operations.</p> <p>To this end, the Company further developed follow-up countermeasures, with the greenhouse gas inventory as the top priority, and at the same time implemented energy-saving and carbon-reduction projects to achieve the purpose of energy management through a two-pronged approach. The Company is committed to fully introducing the concept of green building in new projects, and sets the relevant green reduction goals accordingly. Subsequently, the Company aims to integrate climate-related risks and opportunities progressively, establish management indicators and goals as the basis for the evaluation of results, and fulfill the responsibility to create a friendly environment.</p> <p>The Company's detailed analysis of climate change risks and opportunities has been disclosed in the Company's sustainability report. (http://cathayred-csr.com/download.html)</p>																			
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	V		<p>1. In 2021, the Company's four business locations across the northern, central, southern, and Kaohsiung regions completed the inventory of Scopes 1, 2, and 3 under ISO 14064-1, and the data was assured by a CPA. In 2022, the inventory scope has been expanded to include not only the offices in the above regions but also the reception center, warehouses, unrented buildings, and unsold housing projects.</p> <p>The following is a brief summary of the Company's statistics in the past two years (the scope of the data covers the Company's 4 business locations):</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th><th>Total Emissions (metric tons CO2e)</th><th>Emission Intensity (CO2e/million revenue)</th></tr><tr><td>2023</td><td>308.34</td><td>1,413.83</td><td>279.12</td><td>2,001.29</td><td>0.29</td></tr><tr><td>2022</td><td>167.19</td><td>1,693.28</td><td>275.55</td><td>2,136.02</td><td>0.15</td></tr></table>	Year	Scope 1	Scope 2	Scope 3	Total Emissions (metric tons CO2e)	Emission Intensity (CO2e/million revenue)	2023	308.34	1,413.83	279.12	2,001.29	0.29	2022	167.19	1,693.28	275.55	2,136.02	0.15	No significant difference.
Year	Scope 1	Scope 2	Scope 3	Total Emissions (metric tons CO2e)	Emission Intensity (CO2e/million revenue)																	
2023	308.34	1,413.83	279.12	2,001.29	0.29																	
2022	167.19	1,693.28	275.55	2,136.02	0.15																	

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>The total greenhouse gas emissions in 2022 amounted to 2,136.02 (CO₂e tons). The greenhouse gas emission intensity (CO₂e/million revenue) was 0.15. Of these emissions, 1,693.28 tons of CO₂e came mainly from Scope 2 electricity emissions, accounting for 79.27% of the aforementioned emissions. Next, Scope 3 indirect greenhouse gas emissions from the use of products (electricity) amounted to 275.55 tons of CO₂e, accounting for 12.9%. (The data coverage for 2022 includes 4 business locations, 5 reception centers, 3 warehouses, 2 unrented buildings, and 10 undelivered construction projects).</p> <p>The total greenhouse gas emissions in 2023 amounted to 2,001.29 (CO₂e tons). The greenhouse gas emission intensity (CO₂e/million revenue) was 0.29. Of these emissions, 1,413.83 tons of CO₂e came mainly from Scope 2 electricity emissions, accounting for 70.64% of the aforementioned emissions. Next, Scope 3 indirect greenhouse gas emissions from the use of products (electricity) amounted to 279.12 tons of CO₂e, accounting for 13.95%. (The data coverage for 2023 includes 4 business locations, 6 reception centers, 3 warehouses, 3 unrented buildings, and 12 undelivered construction projects).</p> <p>To continue achieving international emission reduction trends, the Company actively promotes various energy-saving measures, selecting energy-efficient and energy-saving equipment designs to reduce corporate and product energy consumption, maximizing energy efficiency. In addition to closely monitoring the impact of climate change on operating activities, the company has formulated corporate energy conservation, carbon reduction, and greenhouse gas emission reduction policies:</p> <ul style="list-style-type: none"> ➤ Continue to cooperate with the industrial development department of the Taipei City Government to implement relevant energy-saving measures in accordance with the "Self-Governing Regulations on Energy Saving and Carbon Reduction Guidance and Management for Industries and Businesses". ➤ Greenhouse gas reduction, with a target of annual growth rate reduction of 3.21% per year, in line with the 2050 net zero emissions policy. ➤ Continuously control the usage of office paper and various printed materials and implement paperless measures. ➤ Continuously promote no tie and suit for work, and setting the office temperature to 26°C. ➤ Installation of an automatic power-saving device controller with a lunchtime and after-work lights-off mechanism. ➤ Biannually, a professional institution is commissioned to conduct office lighting and CO₂ 	

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof												
	Yes	No	Description													
			<p>environmental testing.</p> <p>➤ Continue to implement the ISO 14001 environmental management and ISO 14064-1 greenhouse gas management systems, establish mechanisms for measuring office water and electricity consumption, and establish energy concepts.</p> <p>➤ New official vehicles must be environmentally friendly and of low-fuel consumption hybrid models.</p> <p>2. Our company has long been concerned with water resource conservation and environmental protection issues. Starting from comprehensively implementing water conservation daily, after a complete renovation of air conditioning equipment in 2018, water demand has returned to its normal usage. Due to the improved efficiency of the chilled water units, the water consumption of the cooling towers has been significantly reduced. Over the years, the Company has vigorously promoted water conservation, and all employees have developed the habit of conserving water on their own. In 2023, the water consumption of our four business locations in northern, central, southern, and eastern Taiwan was 1,831 (M³).</p> <p>Water consumption in the last 2 years:</p> <table><tr><th>Year</th><th>Total water consumption</th><th>Density (M³/Million Revenue)</th><th>Data range</th></tr><tr><td>2023</td><td>1,831</td><td>0.27</td><td>Parent Company Only</td></tr><tr><td>2022</td><td>1,743</td><td>0.12</td><td>Parent Company Only</td></tr></table> <p>The 2022 Corporate Sustainability Report (P.96-100) lists the Company's relevant energy usage policies and green initiatives for office spaces, and also includes disclosure of energy consumption, water usage, and related green practices at the operating locations of its subsidiaries.</p> <p>3. Waste: The Company recorded the total load of construction waste and domestic garbage generated from its construction projects, and strictly controls the waste treatment process and disposal. In 2022, the total weight was 8,875 tons, as detailed in the 2022 Corporate Social Responsibility Report (P.67). In 2022, the accumulative construction or demolition waste at construction sites was 8,350.84 tons, and the accumulative domestic waste was 523.74 tons.</p> <p>4. In 2019, we introduced ISO 14064-1:2019 version and conducted an internal greenhouse gas inventory for the year 2021. Through the inventory process and results, we have firmly grasped the greenhouse gas emissions of our Company. We hope that in the future, we can dedicate ourselves to the work of reducing greenhouse gas emissions, mitigating the</p>	Year	Total water consumption	Density (M³/Million Revenue)	Data range	2023	1,831	0.27	Parent Company Only	2022	1,743	0.12	Parent Company Only	
Year	Total water consumption	Density (M³/Million Revenue)	Data range													
2023	1,831	0.27	Parent Company Only													
2022	1,743	0.12	Parent Company Only													

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>trend of global warming, and fulfilling our responsibility as a member of the global village.</p> <p>5. In accordance with the "Roadmap for Corporate Sustainable Development" set by the Financial Supervisory Commission, the Company plans to complete third-party verification by 2024, and the complete assured information will be disclosed in the Sustainability Report.</p>	
<p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>The Company has referred to the principles as in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and formulated Human Rights Policy of Cathay Real Estate Development Co., Ltd. while identifying relevant stakeholders, implementing management mitigation measures, and placing relevant information on the official website as a reference for employees and the public. The Company has also referred to the United Nations Convention on the Rights of Persons with Disabilities, the Convention on the Elimination of All Forms of Discrimination against Women, and the Convention on Human Rights for Children and abides by the relevant labor laws and regulations. When it comes to the working conditions regarding general employees, intern hiring, working hours, salary, gender equality, and prevention of sexual harassment, the Company practices in accordance with the law, and has formulated the Code of Ethical Conduct, the Code of Integrity Management, and handling methods for reporting illegal and unethical or dishonest behaviors, and amended the "Working Codes" and announced them in accordance to related laws and regulations. The Company also provided educational courses in 2024 on the "Personal Information Protection Act" and "Workplace Stress Source Analysis and Stress Relief Practice" for employees, totaling to 312 hours. A sum of 116 and 96 colleagues completed the training, accounting for 74% and 62% respectively of the total number of employees.</p>	No significant difference.
<p>(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee</p>	V		<p>Employees are the most precious asset of the Company. In order to create a happy and inclusive workplace environment and create a stable talent retention rate, in addition to providing salaries in line with the market, the Company also provides statutory leave, and create all-round employee welfare measures including medical examination, tourism, and parent-child parties, aiming to help the employees to achieve work-life balance and protect the rights and interests of employees. The relevant measures and regulations are also clearly specified in the work rules. In addition, according to the employee's treatment, employee performance appraisal and various bonus payment methods, the employee's salary is clearly regulated and linked to the position responsibilities,</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
remuneration?			<p>performance achievements and abilities, and at the same time, it is related to the Company's operating conditions. According to the Company's Articles of Incorporation, if there is profit in the year, 0.1-1% of the profit should be allocated as employee compensation, but when the Company still has accumulated losses, the amount should be reserved in advance to make up; in addition, the Company sets, tracks and evaluates employees' performance goals according to the policies and annual goals, adjusts salaries and positions according to the evaluation results, and calculates and awards bonuses according to employees' performance appraisal and performance according to regulations.</p> <p>The Company also pays close attention to employee benefits, including group insurance, medical examination, marriage and maternity subsidies, community activities, etc., and hopes to use the welfare system to supplement employees' living needs and enhance the emotional connection between employees, so as to strengthen employees' sense of belonging.</p>	
(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		<ol style="list-style-type: none"> 1. The Company performs office environment testing every six months (June 17, 2023 and December 14, 2023), including the measurement of lamp illuminance and CO2 concentration in order to provide an excellent workplace environment with adequate illumination and good air quality with employees. 2. The Company arranges all employees to accept health check every year (March to May, 2023), and holds health and safety lectures (In 2023 the Northern, Central, Southern and Kaohsiung seminars will be divided into five sessions on 11/13, 11/14, 11/20) to provide health information and consulting services for employees to ensure that each employee can be in best status and has physical and psychological health. 3. The Company strictly implements the automatic check plan for official vehicles every month, and completes the records of daily point inspections and monthly regular inspections to ensure the safety of official vehicles used by employees. 4. The Company arranges 7 colleagues who accepted emergency personnel training in the office spaces and prepares general standing drugs and related medical supplies, first-aid equipment (such as: AED) to cope with the unexpected situations of employees when working in workplaces. 5. The Company does legally offer the safety and health education training courses for occupational safety and health business executives, new employees and ordinary employees, and carries out various safety measures drills or tests (building security check and fire drill) coordinating with building management units in the office spaces to strengthen the occupational safety concept of employees and 	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>promote the maintenance of work environment safety, and then implement the safety management of workplace work. In 2023, there was one occupational injury in the Company. In addition to providing emergency care and corresponding safeguard measures, the Company also provided work-related injury leave according to the doctor's advice, so that the employee can rest at ease.</p> <p>6. The Company has formulated Executive Measures for Maternal Health Protection of Female Workers, Prevention Plan for Illegal Immunization in Performing Jobs, Plan for Prevention of Sexual Harm and Plan for Prevention of Diseases caused by Abnormal Workload to maintain the physical and psychological health of employees and avoid unnecessary work injuries.</p> <p>7. Number of fire cases: 1. On the evening of July 15, 2023, the formwork on the 14th floor of Building B at Cathay He He caught fire. Fortunately, there were no casualties, and the structural safety assessment of the affected area was deemed qualified. Safety management on all construction sites have been strengthened.</p>	
(IV) Does the Company establish effective career development and training plans for its employees?	V		<p>The Company plans and implements assessment of core functions and personality traits of employee and executive function feedback assessment in the long term. The Company also establishes various career capacity databases of employees and arrange education and training for new recruits, new supervisors, professional training, etc., according to the rank and core competency planning items. The Company effectively organizes a series of development training plans for the weaknesses of employees such as decision-making, organization, team, performance, innovation, execution, leadership and creativity.</p> <p>The Company's employees have access to a wide range of learning resources through multiple channels, including on-the-job training, job rotation, external training opportunities, seminars, etc., to build up their professional strength. The Company offers a leadership training program for manager ranking employees to develop their leadership skills and improve the overall competitiveness of the Company.</p> <p>For succession planning on pages 106-108.</p> <p>The new personnel training course lasted 16 hours, and a total of 25 people completed the training, totaling 400 hours.</p>	No significant difference.
(V) Does the Company follow relevant laws and regulations and international standards, and formulate relevant consumer protection	V		<p>The Company follows relevant laws and regulations and various consumer protection laws and regulations, and has established strict protection methods for customer personal information confidentiality measures, which are signed by all employees. If the consumer has any appeal about the equity, the Company can provide prompt</p>	No significant difference.

Promoted Item	Status of Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
policies and complaint procedures with regard to customer health and safety, customer privacy, marketing and labeling of products and services?			handling and reply through the email of special parts of affiliate of the Company's website or service department. The Company actively implements the protection of consumer rights, and there are also dedicated units to handle customer complaint cases. It provides continuous services to its customers by providing complete inspection procedures and housing service manuals, and organizing regular customer care activities in the community. For more details, please refer to the 2022 Sustainability Report (pages 45-50).	
(VI) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		The clause above is involved in Paragraph 3 of Article 23 of the "Corporate Sustainable Development Principles, which has been fully notified to all units and subsidiaries of the Company and incorporated into the contract with the main suppliers, subject to the strict implement and execution. If the supplier violates the terms and conditions, it will be required to correct within a time limit, or to rescind or terminate the contract. In addition to the fair selection mechanism, major suppliers are also subject to a selection system every year. If the supplier does not meet the standards, the Company will provide counseling and improvement plans or suspend the authorization as the case may be to ensure the quality of the suppliers. Every year, the Company regularly holds a construction company observation meeting to create an interactive platform for communication and exchanges with the industry. In 2023, the proportion of major suppliers who signed CSR clauses reached 100%.	No significant difference.
V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by following international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?	V		In addition to following the GRI Standards guidelines, AA1000 Accountability Principles Standards, SASB and TCFD standards, the Sustainability Report published by the Company also refers to the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" of the Taiwan Stock Exchange Corporation, the United Nations Sustainable Development Goals, the Organization for Economic Cooperation and Development (OECD), the United Nations Global Compact (UNGC) Principles, and the ISO 26000 Social Responsibility Guidelines as disclosure points. The data has also been assured by Ernst & Young.	No significant difference.
VI. If the Company has established its own sustainable development practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please provide detailed information on the discrepancies between its operations and the prescribed best practices: No material discrepancy, subject to the Principles.				
VII. Other important information that facilitate the understanding of the implementation of sustainable development: please refer to (VIII) Corporate Responsibility and Ethical Behavior on pages 149-151.				

Note 1. If "Yes" is selected in the operating status, please specifically explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the difference reason and explain related future policies and plans for strategies and measures in the column

"Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof".

Note 2. The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Implementation of Climate-Related Information

Item	Implementation status
<ol style="list-style-type: none"> 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below). 	<ol style="list-style-type: none"> 1. The Company's Board of Directors is the highest supervisory unit for corporate sustainability management strategies and actions. The Corporate Sustainability Committee (CS Committee) and 5 functional teams established under the Board of Directors serve as a platform for cross-departmental communication and management of issues related to corporate social responsibility, and are responsible for implementing and promoting relevant plans to address material sustainability issues, risk issues, and climate-related issues. Corporate Sustainability Committee regularly reports to the Board of Directors on the implementation results of environment-related plans. Each year, the CS Committee identifies material risks and opportunities with reference to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and industry-specific recommendations, as well as the TCFD practical cases consolidated by the World Business Council for Sustainable Development (WBCSD). Afterwards, the Company analyzes the potential financial impact on the Company's operations, and uses this as a basis to further develop subsequent countermeasures. 2. (Short-term): Greenhouse gas inventory is the first step in effective management of greenhouse gas emissions, and it is also an important part of compliance with the TCFD framework. Since 2019, Cathay Construction has adopted the latest ISO 14064-1:2018 standard for its emissions inventory. The scope of the inventory includes not only the northern, central, southern, and Kaohsiung offices of Cathay Construction, but also the reception center, warehouse, buildings, and construction projects that have not yet been handed over. All energy consumed at the operating sites, along with the implementation of energy-saving and carbon reduction projects, are aimed at achieving effective energy resource management. (Medium-term): 100% introduction of green building concept design for new construction projects, and setting reduction

Item	Implementation status
	<p>targets for greenhouse gas emissions, waste reduction, and water management.</p> <p>(Long-term): The Company will continue to set relevant green reduction targets, gradually integrate climate-related risks and opportunities, establish management indicators and goals as the basis for effectiveness evaluation, and fulfill the responsibility of earth citizens to create a friendly environment.</p> <p>3. Considering the analysis results of the significance of climate-related risk impacts, the Company has identified physical risks such as typhoons, floods, droughts and other extreme climates that have become more severe. The Company also assesses transition risks such as rising raw material costs, increasing pricing on greenhouse gas emissions, and increasing costs for low-carbon technology transformation. The impact of climate related opportunities is further analyzed and cross-referenced to conclude the potential financial impact on the Company's operations.</p> <p>In response to the transformation opportunity arising from the risk of climate change, the Company is leading customers towards a low-carbon sustainable future through its own energy and resource reduction. Our priority is to conduct a greenhouse gas inventory of the Company, and continue to set relevant green reduction goals. Subsequently, the Company aims to integrate climate-related risks and opportunities progressively, establish management indicators and goals as the basis for the evaluation of results, and fulfill the responsibility of earth citizens to create a friendly environment.</p> <p>4. The identification of climate-related risks and opportunities is led by the five functional teams of the CS Committee, which evaluate the possibility, impact level, time of occurrence, and financial impact of each risk and opportunity. The Company ranks climate-related risks and opportunities based on the analysis of possibility and impact level, and lists the material risks and opportunities according to the impact level and time of occurrence. Taking into account the analysis results of the significance of climate-related risk impacts, the Company further analyzes and cross-references the impact on climate-related opportunities, and looks into the potential financial impact on the Company for material risks and opportunities. Based on this, the Company establishes follow-up countermeasures and incorporates them in the overall risk management system.</p> <p>5~7: Not Applicable.</p> <p>8. The climate-related targets set by our</p>

Item	Implementation status
	Company and the progress towards achieving them have been disclosed in the 2022 Sustainability Report on page 38.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Item	2022	2023
Scope 1	167.19	308.34
Scope 2	1,693.28	1,413.83
Scope 3	275.55	279.12
Total Emissions (tonnes CO ₂ e)	2,136.02	2,001.29
Intensity (metric tons of CO ₂ e/million currency units)	0.15	0.29
Data Coverage Range	Parent Company Only	Parent Company Only

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Item	2022	2023
Certifying Authority	Omitted	Taiwan Inspection Technology Co., Ltd. (SGS)
Assurance Information	Omitted	The complete assurance information will be disclosed in the Sustainability Report

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that

“Complete assurance information will be disclosed on the Market Observation Post System (MOPS),” and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

<u>Base Year for Greenhouse Gas Emissions Reductions</u>	Omitted (The Company expects to complete the inventory check of the 2024 consolidated financial statements in 2025)
<u>Baseline Year Data</u>	(The Company expects to complete the inventory of the 2024 consolidated financial statements in 2025)
<u>Reduction Target</u>	<p>Cathay Construction established a Corporate Sustainability Development Committee and set short, medium, and long-term goals for energy resource and emission management.</p> <p>'Short-term (2023): Greenhouse gas emissions intensity ≤ 10.3 tons CO₂e/person, 20% of new construction projects apply for Green Building Label.</p> <p>'Mid-term (2025): Greenhouse gas emissions intensity ≤ 9.8 tons CO₂e/person, 30% of new construction applications for green building labels.</p> <p>Long-term (2027): Greenhouse gas emission intensity ≤ 9.8 tons CO₂e/person, 40% of new construction applications for Green Building Label.</p> <p>Moreover, for each construction project, we rigorously track the generation of construction waste and household garbage, and implement measures to reduce waste and dust emissions, achieving the goal of lowering greenhouse gas emissions.</p>
<u>Management Strategy</u>	<p>'Actively reducing the carbon emissions generated from the daily use of buildings, we introduced the ISO 14064-1 Greenhouse Gas Inventory System in 2016 and further adopted the latest ISO 14064-1:2018 standard for inventory in 2019. In 2022, we expanded the scope of the inventory. In addition to the offices of Cathay Construction in the north, central, south, and Kaohsiung regions, we added the reception center, warehouse, buildings, and undelivered construction projects. We inventoried all energy consumption at our operating sites and implemented energy-saving and carbon reduction projects to achieve effective energy resource management.</p>
<u>Concrete Action Plan</u>	<p>Cathay Construction takes the environment and ecology as its basis, exploring the possibilities of green buildings from various stages of the building life cycle.</p> <p>Through contractor observation meetings, it shares experiences in green buildings, and some of its projects have obtained domestic and international green building certifications. Starting from 2022, Cathay Construction has been fully introducing the mindset of green buildings, deepening the contribution of the building life cycle</p>

	to the environment. It continuously promotes energy-saving actions in the office workplace, not only procuring or leasing energy-saving equipment such as official vehicles and office machines internally, but also reaching a consensus with the building owner on replacing and upgrading energy-saving equipment such as elevators and air conditioners. At the same time, it also conducts internal vigorous promotion to establish good work habits of reducing plastic and saving energy among employees.
<u>Achievement Status</u>	<ol style="list-style-type: none"> 1. Introduce energy-saving design, reduce building energy consumption, in response to green building and environmental sustainability thinking. 2. Plan Kaohsiung residences and Taichung livable architecture according to local conditions. 3. Adopt emerging technologies such as Building Information Modeling (BIM) and modular construction 100% to enhance construction efficiency. 4. Recycle and reuse the usable waste generated during construction. 5. Reuse of the sales field (Joint Sales Center/Meihuo continues to use MOST Distribution Center). 6. Digital transformation: Introduce customer service APP/online construction material and equipment selection system. 7. Some building components and materials are prefabricated in the factory, then transported to the construction site for integrated assembly and installation. This not only reduces noise and dust pollution around the construction site, but also reduces the risks during construction and minimizes potential waste or loss of raw materials during the construction process.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT\$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

(VI) Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for deviation:

Implementation of Ethical Corporate Management and Measures for its Implementation

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	v		In order to establish a corporate culture of integrity management and sound the development, and to implement a good corporate governance and risk management & control mechanism, the Company has developed the Code of Integrity Management according to Integrity Management Best Practice Principles for TWSE/TPEX Listed Companies, which was approved by the Board of Directors, disclosed and announce on the internal and external website. In the fiscal year 2023, all senior executives signed the 'Statement of Compliance with Integrity Management Policy', stating that they will strictly adhere to the 'Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies' issued by the Taiwan Stock Exchange Corporation, the 'Ethical Corporate Management Best Practice Principles' established by Cathay Construction, and related integrity management policies, based on the principles of integrity, transparency, and accountability, to establish sound corporate governance and risk management mechanisms, and create a sustainable operating environment.	No significant difference.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	v		The Company's Ethical Corporate Management Best-Practice Principles covers all the activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. The internal audit unit should be based on the evaluation result of unethical conduct to formulate related audit plans and verify the prevention measures. In addition, anyone who finds that the personnel of the Company has violated the integrity management can report to the integrity management unit (honest@cathay-red.com.tw) or directly to the Company's ethical management unit (Corporate Sustainability Committee). After the case is filed, the management unit will conduct investigation and processing according to certain procedures, and report the results to the Board of Directors.	No significant difference.
(III) Does the Company specify in its prevention programs the operating procedures, guidelines,	v		The Company has established a Code of Ethics and the Ethical Corporate Management Best-Practice Principles,	No significant difference.

punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?		forbidding the unethical conduct against the Company, the Company's Directors, Managers, employees, appointees and the the Company, the Company's Directors, Managers, employees, appointees and the material controllers of the Company such as offering or accepting bribes, providing illegal political contributions, or improper charitable donation or sponsorship, providing or accepting unreasonable gifts, reception or other improper interests, disclosing the Company's trade secrets, trespassing against intellectual property rights, working on unfair competition, or providing products and services with damage to consumers or other interested parties. The Company reviews and amends the relevant policies regularly; the Codes of Ethical Conduct was late amended on June 30, 2017, and Code of Integrity Management on November 9, 2022. For the latest implementation status, please refer to the company's website for details.	
II. Implementation of Ethical Corporate Management (I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	v	The Company conducts business activities on the basis of the principle of integrity management and in a fair and transparent manner. Before cooperation, the Company considers the legality of agents, suppliers, customers or other transaction objects and whether they involve unethical conducts, to avoid transactions with those involved in unethical conducts. The contract between the Company and its agents, suppliers, customers or other transaction objects shall include the clause where the counterpart complying with integrity management policies and transaction is involved in a unethical conduct, the contract may be terminated or rescinded at any time.	No significant difference.
(II) Does the Company have a unit under the Board of Directors that specializes in promoting ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	v	The Board of Directors appointed CSR Committee as the dedicated unit to promote the integrity management of the Company, and report the execution status on an annual basis. (The review of the implementation effectiveness of ethical management operations for 2023, along with the review of the implementation effectiveness of corporate sustainability development, was submitted to the Board of Directors on March 14, 2024.)	No significant difference.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	v	According to the Company's Ethical Corporate Management Best-Practice Principles, Directors shall be highly self-disciplined. Where the proposal listed in the Board meeting is related to their own interests, they shall state clearly the important contents of their own interests at the Board meeting. Where there are	No significant difference.

		<p>damages to the Company's interests, they shall express their opinions and give a reply, but not participate in the discussion and voting, during which they shall avoid but not exercise the right to vote on behalf of other directors.</p> <p>In addition, according to the Code of Ethics, the Company's Directors and managers, in order to prevent conflicts of interest, shall handle official business in an objective and efficient manner, but not make improper benefits for themselves, their spouse, parents, children or relatives within the second degree of kinship by their positions in the Company. The Company shall pay special attention to preventing conflicts of interest, and state clearly whether there is a potential conflict of interest with the Company through official documents, meetings and internal communications when the Company lends funds to or provides guarantees for, has material asset transaction with or purchases goods from or sells goods to the Company in which the aforementioned personnel works.</p>	
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	V	<p>The Company's accounting system and internal control system are designed and implemented in accordance with the code of ethical management and should be reviewed at any time to ensure its continuous and effective implementation. Both the internal audit and regular CPAs internal control audit are conducted in normal procedures</p>	No significant difference.
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	V	<p>Integrity is the core value of the Company. In the monthly executive and internal department meeting, each supervisor provides education and training for their employees according to Ethical Corporate Management Best-Practice Principles. In 2022, the Company promoted the concept of ethical management internally, online teaching materials are provided to all colleagues for the trainings. The Company regularly holds educational training seminars to promote the concept of ethical management. In December 2022, the concept of ethical management was promoted internally through online materials to provide education and training for all employees. In addition to promoting the Company's ethical management guidelines, this educational training material also incorporated promotional videos produced by the Ministry of Justice Investigation Bureau to reinforce the concept that employees should adhere to ethical management</p>	No significant difference.

			<p>principles and not demand or accept any form of improper benefits in the workplace. The duration of this educational training was 0.5 hours, and all participants were employees of the Company. A survey on the effectiveness of the promotion was also conducted, and all employees who participated in the survey understood and agreed with the content conveyed in Cathay Construction's ethical management guidelines, effectively reinforcing the implementation of the ethical management concept. Furthermore, a section on promoting the Company's ethical management has been added to the training program for new employees to convey the Company's brand philosophy and the spirit of ethical management.</p> <p>The Company's directors attend courses related to integrity management every year. In 2023, they attended courses on preventing insider trading, complying with securities trading laws and regulations, and adhering to corporate governance norms. A total of 7 people participated, with each session lasting 3 hours, accumulating to a total of 21 training hours</p>	
<p>III. Implementation of the Company's Whistleblowing System</p> <p>(I) Does the Company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?</p>	v		<p>Anyone can report through the independent report mailbox (honest@cathay-red.com.tw) or directly to the Company's ethical management unit (Corporate Sustainability Committee). No reporting mail received in 2023.</p>	No significant difference.
<p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p>	v		<p>The provisions of Article 19 of the Company's Ethical Corporate Management Best-Practice Principles specify a reporting system, a whistleblowing clause, and a handling procedure for a dedicated unit, with an independent and confidential mechanism.</p>	No significant difference.
<p>(III) Does the Company take measures to protect the whistleblower against inappropriate disciplinary actions?</p>	v		<p>The provisions of Subparagraph 2, Article 19 of the Company's Ethical Corporate Management Best-Practice Principles have stipulated a whistleblower protection clause that the whistleblower will not be treated inappropriately.</p>	No significant difference.
<p>IV. Strengthening Information Disclosure</p> <p>(I) Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?</p>	v		<p>The Company has disclosed relevant information on the website and MOPS.</p>	No significant difference.
<p>V. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe</p>				

	difference between the prescribed best practices and the actual measures taken by the Company: No material difference was found, and related operations were subject to the Principles.
VI.	Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amendment of the Company's Ethical Corporate Management Best-Practice Principles): During the Board of Directors meeting on November 9, 2022, the Company approved the amendments to its Ethical Corporate Management Best Practice Principles, with the main revisions being the designation of a dedicated unit and the establishment of an independent whistleblowing system, further demonstrating the Company's commitment to ethical corporate management.

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

(VII) Method for Inquiring into the "Corporate Governance Best-practice Principles" and Relevant Regulations

The Company's relevant regulations regarding corporate governance have been disclosed on the MOPS (website: <http://mops.twse.com.tw>)

(VIII) Does the Company have other important information to facilitate better understanding of its corporate governance operations (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?

- (1) Status of employee rights and employee welfare: Please refer to V. (I) Employee Welfare to (IV) Labor Management Agreements and Employee Rights/Interests Maintenance on pages 146-147.
- (2) Investor Relations: Please refer to pages 69 and 72 for II. Shareholding Structure & Shareholders' Rights and VII. Information Disclosure.
- (3) Supplier Relations: The Company cooperates with suppliers with mutual trust and mutual benefit, and maintains their rights and obligations and maintains a good supply and demand relationship.
- (4) Rights of Stakeholders: Please refer to pages 104-106 for (9) Establishment of Communication Channels for Stakeholders.
- (5) Directors' and Supervisors' Training Records (statistical period: 2023.1.1-2023.12.31):

Name	Training Institution	Course Name	Training Hours
Chang, Ching-Kuei	Securities and Futures Institute	Promotion Seminar on Insider Trading Prevention for 2023	3
Chang, Ching-Kuei	Securities and Futures Institute	Promotion Seminar on Insider Trading Prevention for 2023	3
Lee, Hung-Ming	Chinese National Association of Industry and Commerce	Corporate Directors and Supervisors Training - "Enterprise Resilience Taiwan's Competitiveness	3

Name	Training Institution	Course Name	Training Hours
Lee, Hung-Ming	Securities and Futures Institute	Promotion Seminar on Insider Trading Prevention for 2023	3
Tsai, Chung-Yan	Securities and Futures Institute	The 2030-2050 Green Industrial Revolution	3
Tsai, Chung-Yan	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Series - Corporate Governance and Green Energy Innovative Business Models	3
Chuang, Wan-Hua	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	3
Chuang, Wan-Hua	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6
Chuang, Wan-Hua	Taiwan Corporate Governance Association	The Role and Responsibilities of the Board/Senior Management in ESG Governance	3
Chuang, Wan-Hua	Taiwan Corporate Governance Association	Corporate Growth Strategy and External Innovation	3
Chu, Chung-Chang	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	3
Chu, Chung-Chang	Taiwan Corporate Governance Association	The AI Explosion: The Technological Development and Commercial Opportunities of the ChatGPT Chatbot	3
Lin, Chin-Liang	Securities and Futures Institute	Promotion Seminar on Insider Trading Prevention for 2023	3
Lin, Chin-Liang	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6
James Y. Chang	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6
Yu, Tsu-Kang	Taiwan Corporate Governance Association	Directors of Information Technology Wave in Response to Practice	3
Yu, Tsu-Kang	Taiwan Corporate Governance Association	The trend of ESG and the epidemic environment: Discussion on Global and Taiwan Tax Reform and Corporate Tax Governance	3
Yu, Tsu-Kang	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	3
Yu, Tsu-Kang	Taiwan Corporate Governance Association	How to Conduct Equity Planning and Organizational Structure Design for Startups	3
Lee, Li-Kun	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6

- (6) The implementation of risk management policies and risk evaluation measures: Please refer to pages 403-406 for VI. Assessment of Risk Items in the Most Recent Years and as of the Date of Publication of the Annual Report.
- (7) The implementation of customer relations policies: the Company has a customer service line and dedicates personnel to handle problems related to customers.

- (8) Purchasing insurance for Directors and Supervisors: the Company has purchased D&O insurance for Directors.
- (9) Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), and set up a dedicated area for stakeholders on the Company's website, and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?

The Company has established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section on the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues, and reports the communication content to the board regularly (at least once a year). The important corporate social responsibility issues, and the review result of the implementation performance of corporate sustainable development for 2023 were submitted to the Board of Directors on March 14, 2024.

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
Shareholders/ investors/ financial institutions	<ul style="list-style-type: none"> ➢ Ethical corporate management ➢ Economic performance ➢ Corporate Governance ➢ Sustainable development of the Company ➢ Risk management 	<ul style="list-style-type: none"> ➢ Commercial behaviors in a fair, honest and transparent manner ➢ Providing instant, synchronized, and correct company information in a timely manner, and strive to the symmetric disclosure of investment information ➢ Implementing long-term stable dividend policy and providing appropriate return on investment ➢ Maintaining good corporate credit and operations with robust financial strategy ➢ Following the latest laws and regulations and policy revisions of the competent authorities, and promptly responding to and adjust the information disclosure form and content of the Company to meet regulatory requirements. ➢ Focusing on market demand and prosperity changes, adjusting business strategies in a timely manner, identifying the Company's financial and non-financial risks and review countermeasures 	<ul style="list-style-type: none"> ➢ Contact Person: Mr. Tsai, Operation Management Department ➢ Tel: 02-23779968#5311 ➢ Email: cape0301@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Convening annual shareholders' meetings ➢ Convening law conferences ➢ Announcing annual reports/quarterly financial reports ➢ Simultaneously disclose the instant material news on Market Observation Post System of stock exchange and release news or convene a press conference at irregular intervals as required to explain the situation.
Employee	<ul style="list-style-type: none"> ➢ Occupational health and safety ➢ Labor Relations ➢ Education and training ➢ Employee benefits ➢ Sustainable development of the Company 	<ul style="list-style-type: none"> ➢ Safe and healthy working environment ➢ Promote employees' health and physical and mental balance ➢ Ensure and respect human rights ➢ Establish a transparent and smooth communication mechanism 	<ul style="list-style-type: none"> ➢ Contact Person Mr. Lin, Operation Management Department Mr. Chao, Human Resources Department ➢ Phone: 02-23779968#5356、#5110 ➢ Email :

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
		<ul style="list-style-type: none"> ➢ Legal and equitable valuation and treatment ➢ Attach importance to education and training ➢ Diverse employee benefits and care plan ➢ Focus on talent cultivation and employee development ➢ Gender equality protection 	<p>yoho1030@cathay-red.com.tw duke@cathay-red.com.tw</p> <ul style="list-style-type: none"> ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Holding labor management conferences ➢ Holding symposiums and publicity meetings ➢ Employee meeting
Customers/ consumers	<ul style="list-style-type: none"> ➢ Customer health and safety ➢ Customer satisfaction ➢ Legal compliance ➢ Customer privacy ➢ Innovation and development 	<ul style="list-style-type: none"> ➢ Provide products and services with market competitive and high quality ➢ Improve customer satisfaction and establish long-term, close and trustful partnership with customers with four guarantees, including clearly-established ownership, construction in line with the drawings, timely completion, and sustainable service ➢ Advocate all employees to comply with confidentiality agreements and employee response rules for customers ➢ Focus on issues such as climate change and population aging, and invest in energy conservation and carbon reduction, full-aging, green (including smart) buildings and master the development of new building materials, new construction methods and design. 	<ul style="list-style-type: none"> ➢ Contact Person: Miss Chen, Technology Department ➢ Tel: 02-23779968#5740 ➢ Email: service@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Unscheduled customer satisfaction survey ➢ Direct communication
Partners (suppliers/ building contractors/ sales agents)	<ul style="list-style-type: none"> ➢ Supplier CS promotion ➢ Purchasing Policies <p>Sustainable development of the Company</p>	<ul style="list-style-type: none"> ➢ Understand and provide assistance for the companies to implement CS ➢ Legal and fair trade. ➢ Understand the environmental, safety and health matters and specification details. Build long-term and mutually-trust business partnership with suppliers. 	<ul style="list-style-type: none"> ➢ Contact Person: Ms. Cheng, President Office ➢ Tel: 02-23779968#5800 ➢ Email: CS: csr@cathay-red.com.tw ➢ Integrity: honest@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Unscheduled conferences / training sessions ➢ Regular suppliers assessment ➢ Organize supplier observation tour for direct communication
Government agencies	<ul style="list-style-type: none"> ➢ Ethical corporate management ➢ Legal compliance ➢ Environmental protection ➢ Public safety 	<p>Good corporate citizens should follow government regulations, cooperate with government policies, and maintain good relations with the government.</p>	<ul style="list-style-type: none"> ➢ Contact Person: Ms. Cheng, President Office ➢ Tel: 02-23779968#5800 ➢ Email: csr@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Official correspondences ➢ Irregular discussion

Stakeholders	Important issues of concern	Main responsibility of the Company	Communication channels
			meeting/review meeting
Media	<ul style="list-style-type: none"> ➢ Legal compliance ➢ Economic performance ➢ Social welfare ➢ Environmental protection Public safety 	<ul style="list-style-type: none"> ➢ Maintain the correctness and immediacy of external communication information, and seek to be transparent and open. Maintain the brand image of the Company. 	<ul style="list-style-type: none"> ➢ Contact Person: Ms. Cheng, President Office ➢ Tel: 02-23779968#5800 ➢ Email: csr@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Nonscheduled press conference Product launch conference
Community residents/ neighboring rooms	<ul style="list-style-type: none"> ➢ Community participation ➢ Sewage and waste emissions ➢ Community impact ➢ Community development Community charity 	<ul style="list-style-type: none"> ➢ Maintain good relationships with adjacent houses and community residents in various means (such as identification of adjacent houses and cleaning and repair of exterior walls). ➢ Pay attention to site pollution prevention and control and reduce construction dust ➢ Smooth communication channels reducing the adjacent loss events. Invest in public benefit programs like community care and community libraries. 	<ul style="list-style-type: none"> ➢ Contact Person: Ms. Chen, Customer Service Department ➢ Tel: 02-23779968#5740 ➢ Email: csr@cathay-red.com.tw ➢ Surveying CS issues regularly ➢ Updating designated sections of the official website ➢ Neighborhood visit ➢ Community care activities On-site communication of responsible personnel

(10) Succession planning for Board members and key management personnel:

Member of the Board of Directors:

The Company's articles of association clearly stipulate the nomination system for the election of Directors, and nominations are made in accordance with the Company's "Director Selection Procedures" and "Corporate Governance Best-Practice Principles" requirements for Board structure, diversification policy, professionalism, and ability. After the resolution of the Board of Directors is passed, it shall be submitted to the shareholders' meeting for election.

According to the Company's "Corporate Governance Best-Practice Principles", the composition of the Company's Board of Directors should consider the Company's operating structure, business development direction, and future development trends and make diversified arrangements for the basic composition, professional experience, knowledge and skills of Directors. In addition, the Board of Directors should have the capabilities of industry knowledge, operational judgment, accounting and financial analysis, business management, crisis management, global market outlook, leadership, decision-making, and risk management.

The successors of the Company's Directors should possess the aforementioned knowledge, skills, and accomplishments, and agree with the Company's core values of "integrity, responsibility, and innovation". In order to strengthen the diversity of the Board of Directors, and consider the Company's needs for diversification and

business expansion, we recruit outsiders with management background and experience to join the Board of Directors.

In addition, in order to continuously strengthen the functions of Directors and improve the effectiveness of the Board of Directors, the Company considers external corporate governance trends, the Company's business development direction, and various requirements of competent authorities, based on the capabilities required to perform the duties of Directors, including finance and accounting, risk management, compliance with laws and regulations, information security, corporate governance, corporate sustainable development, etc., to provide relevant course arrangements according to the individual conditions and needs of Directors to assist Board members in their continuous education and improve the overall operational efficiency of the Board of Directors.

Key management personnel:

Facing the challenges of the rapidly changing business environment, the Company expects every colleague and supervisor to be equipped with learning ability, agility, communication ability and professional ability. Through the promotion of the cultivation and development journey, the ability development of managers at all levels is driven closer to the organizational development goals, and the momentum of sustainable career development is continuously strengthened. Based on this, various professional and management training courses are planned.

In order to ensure the depth of the important management and provide the manpower needs for the sustainable operation of the Company, the evaluation of the successor candidates not only considers their own professional qualifications and experience, but also considers the degree of adaptation to the Company's corporate culture, familiarity with business control and understanding of subsidiary management and other aspects. Through the vertical (promotion) and horizontal (rotation) flow of internal talents, the business vision and strategic structure of the leadership team are enhanced, thereby enriching the successor talent pool of important management levels.

Implementation Status:

1. Details of the continuing education of the Board members are as shown on page 102-103 of the Annual Report.
2. In order to strengthen the leadership and management skills of supervisors, enhance the succession team across all levels, and fully grasp the business of departments and subsidiaries, the Chairman, General Manager, and head of

departments, totaling to approximately 15 people, jointly participate in monthly management meetings.

3. In the case of reserve section managers, section managers, department managers, and senior executives, the "Glory 2501" leadership development project was planned, which includes leadership trait assessment, management courses, one-on-one coaching, and seminar reports. In 2023, a total of about 40 people completed 23 hours of START WITH WHY as well as coaching sessions, and 9 people completed about 60 hours of one-on-one consultation. Through the implementation of this plan, several supervisors have been promoted.

(IX) Implementation of the Internal Control System

1. Statement on Internal Control

Cathay Real Estate Corporation Statement on Internal Control

Date: March 15, 2024

The internal control system of the Company in 2023, based on the results of self-assessment, is hereby stated as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors of the Company on March 14, 2024. Among the 9 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

Cathay Real Estate Corporation

Chairman: Chang, Ching-Kuei

President: Lee, Hung-Ming

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.

(XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report:

Shareholders' meetings/Board of Directors	Date	Important resolutions:
The 18th Session of the 19th Board of Directors Meeting	2023.1.17	<ol style="list-style-type: none"> 1. Authorize the Chairman to obtain credit facilities from various financial institutions within the limit of NT\$60 billion. 2. Approval of business goals for the year 2023. 3. Approval of the distribution of year-end bonuses and special incentives to directors, managers, and executives who were involved in business operations for the year 2022. 4. Approval of the remuneration assessment for independent directors and directors who were involved in business operations for the year 2022. 5. Approval of the remuneration assessment for managers for the year 2022. 6. Approval of the removal of non-compete restrictions for the company's managers. 7. Approval of the amendments to the "Internal Control System for Shareholder Services" and the "Internal Audit Implementation Rules for Shareholder Services" of the Company. 8. Approval of the appointment of the subsidiary "San Ching Engineering" as the contractor for the new construction project "Cathay Meihe" in Taichung City's Beitun District. <p>Note: The above important resolutions have been implemented.</p>
The 19th Session of the 19th Board of Directors Meeting	2023.2.24	<ol style="list-style-type: none"> 1. Approval of the "Statement on Internal Control System for the Year 2022" to be submitted to the Securities and Futures Bureau, Financial Supervisory Commission. 2. Approval of the Corporate Sustainability Development Strategy Plan for 2023. 3. Approval of the Annual Business Report for the Year 2022. 4. Approval of the removal of non-compete restrictions for the Company's managers. 5. Approved the sale of housing units and parking spaces from the Company's pre-sale construction projects to related parties. <p>Note: The above important resolutions have been implemented.</p>
The 20th Session of the 19th Board of Directors Meeting	2023.3.14	<ol style="list-style-type: none"> 1. Passed the review of employee and director compensation distribution for the year 2023.

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<ol style="list-style-type: none"> Passed the individual financial statements and consolidated financial statements for the year 2023. Approval of Ernst & Young and its affiliated firms to perform non-assurance (audit) services for the Company and its subsidiaries. Passed the re-election of the Company's directors due to the expiration of their term. Passed the determination of the reasons for convening the 112th annual shareholders' meeting: date, venue, period for accepting shareholder proposals and director nominations, and other related matters. Passed the amendment to the Company's "Director Remuneration Payment Guidelines". <p>Note: The above important resolutions have been implemented.</p>
The 21st Session of the 19th Board of Directors Meeting	2023.4.27	<ol style="list-style-type: none"> Approval of the distribution of surplus for the year 2022. Approval of the qualifications review of the candidates for the 20th term of Directors (including Independent Directors) of the Company. Approval of the removal of non-competition restrictions for the 20th term of Directors (including Independent Directors) of the Company. Approval of the agenda for the Company's 2023 Annual Shareholders' Meeting. Approval of the amendments to the "Standard Operating Procedures for Handling Requests from Directors" of the Company. Approval of the addition of operations related to the preparation and verification of the sustainability report to the Company's "Internal Control System" and "Internal Audit Implementation Rules." Approval of the amendment to the "Internal Control System and Internal Audit Implementation Rules for the Shareholder Services Unit" of the Company. Approval of the appointment of new financial and accounting officers of the Company. Approval of the Company's plan to acquire the right-of-use assets for Taipei International Building and Tainan Cathay Landmark from the related party, Cathay Life Insurance Co., Ltd. <p>Note: The above important resolutions have been implemented.</p>
2023 Shareholders' Meeting	2023.6.9	<ol style="list-style-type: none"> Approval of the 2023 business report and financial statements (including consolidated financial statements). Approval of the distribution of surplus for 2023. Approval of the re-election of directors upon the expiration of their term (a total of nine directors): Representative of Ho Shun Enterprise Co., Ltd.: Chang, Ching-Kuei, Representative of Ho Shun Enterprise Co., Ltd.: Lee, Hung-Ming, Representative of Ho Shun Enterprise Co., Ltd.: Tsai, Tsung-Yen, Representative of Cathay Real Estate Foundation: Chu, Chung-Chiang,

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<p>Representative of Cathay Real Estate Co., Ltd. Employee Welfare Committee: Lin, Ching-Liang, Representative of Cathay Charity Foundation: Chuang, Wan-Hua, Chang, Yuan-Hsiao (Independent Director) Yu, Tsu-Kang (Independent Director) Lee, Li-Kun (Independent Director)</p> <p>4. Approval of the lifting of non-competition restrictions on the Company's 20th term directors.</p> <p>Note: The above matters have been resolved at the Shareholders' Meeting. Please refer to the Implementation of Resolutions of the Shareholders' Meeting on page 128-130 for details.</p>
The 1st Interim Session of the 20th Board of Directors Meeting	2023.6.9	<p>1. The 20th election for the chairman of the board of the Company was held.</p> <p>Note: The above important resolutions have been implemented.</p>
The 20th term 1st meeting Board of Directors	2023.6.21	<p>1. Approval of the ex-dividend date for the distribution of cash dividends from the Company's surplus earnings for the year 2022.</p> <p>2. Authorized the Chairman to obtain credit facilities from various financial institutions within the limit of NT\$60 billion.</p> <p>3. Authorized the Chairman to exercise full authority in accordance with Article 22, Paragraph 6 of the Company's Articles of Incorporation.</p> <p>4. Approval of Ernst & Young and its affiliated firms to provide non-assurance (non-audit) services to the Company and its subsidiaries.</p> <p>5. Appointed members of the Company's 5th Compensation Committee.</p> <p>6. Reviewed the Company's "Audit Committee Charter".</p> <p>7. Approval of the removal of non-compete restrictions for the Company's managers.</p> <p>8. Approval of the sale of presale housing units and parking spaces to related parties.</p> <p>Note: The above important resolutions have been implemented.</p>
The 2nd Session of the 20th Board of Directors Meeting	2023.7.19	<p>1. Approval of the review of the Company's "Remuneration Committee Organization Rules".</p> <p>2. Approval of the review of the Company's "Board of Directors Performance Evaluation Measures".</p> <p>3. Approval of the amendment of the Company's organizational rules and organizational system table.</p> <p>4. Approval of the review and amendment of the Company's "Directors' Remuneration Payment Standards", "Directors' Performance Evaluation Standards", "Managers' Remuneration Payment Standards", and "Managers' Performance Evaluation Standards".</p> <p>5. Approval of the assessment and determination of the remuneration for independent directors and directors actually involved in business execution for the year 2023.</p> <p>Note: The above important resolutions have been implemented.</p>

Shareholders' meetings/Board of Directors	Date	Important resolutions:
The 3rd Session of the 20th Board of Directors Meeting	2023.8.9	<ol style="list-style-type: none"> 1. Authorize the Company's Chairman to purchase "Directors and Officers Liability Insurance". 2. Amendments of the Company's "Internal Control System". 3. Approval of the appointment of the subsidiary "San Ching Engineering Co., Ltd." as the contractor for the new construction project of the Company's "Dun Bei Urban Renewal Project" in Songshan District, Taipei City. 4. Approval of the appointment of the subsidiary "San Ching Engineering Co., Ltd." as the contractor for the new construction project of the Company's "Cathay Hsu" in Xinzhuang District, New Taipei City. 5. Approval of the appointment of the subsidiary "San Ching Engineering Co., Ltd." as the contractor for the new construction project of the Company's "Cathay Minle" in Yonghe District, New Taipei City. <p>Note: The above important resolutions have been implemented.</p>
The 4th Session of 20th Board of Directors Meeting	2023.11.8	<ol style="list-style-type: none"> 1. Approval of the Consolidated Financial Statements for the first three quarters of 2023. 2. Approval of the Company's "2024 Audit Plan" to be submitted to the Securities and Futures Bureau of the Financial Supervisory Commission. 3. Approval of the establishment of the Company's "Operational Regulations for Financial Transactions between Related Parties". <p>Note: The above important resolutions have been implemented.</p>
The 5th Session of the 20th Board of Directors Meeting	2024.1.24	<ol style="list-style-type: none"> 1. Authorize the Chairman to obtain credit facilities within the limit of NT\$60 billion from various financial institutions. 2. Approval of the business targets for 2024. 3. Approval of the distribution of year-end bonuses and special bonuses to the directors and managers who participated in business operations in 2023. 4. Approval of the remuneration assessment for independent directors and directors who participated in business operations in 2023. 5. Approval of the remuneration assessment for managers in 2023. 6. Approval of the amendments to the "Performance Evaluation Rules for the Board of Directors" of the Company. <p>Note: The above important resolutions have been implemented.</p>
The 6th Session of the 20th Board of Directors Meeting	2024.3.14	<ol style="list-style-type: none"> 1. Approval of the "Statement on Internal Control System for the Year 2023" to be submitted to the Securities and Futures Bureau, Financial Supervisory Commission. 2. Approval of the Corporate Sustainability Development Strategy Plan for 2024. 3. Approval of the 2023 Business Report. 4. Approval of the distribution of employee and director compensation for 2023. 5. Approval of the 2023 Individual Financial Statements and Consolidated Financial Statements. 6. Approval of the appointment of Deloitte & Touche as the new certified public accountants for the Company starting

Shareholders' meetings/Board of Directors	Date	Important resolutions:
		<p>from 2024 to provide financial, tax, and other attestation services.</p> <p>7. Approval of the pre-approval policy for non-audit services provided by the certified public accountants for the Company and its subsidiaries.</p> <p>8. Approval of the matters related to the 2024 Annual Shareholders' Meeting, including the date, venue, and acceptance of shareholders' proposals.</p> <p>9. Approval of the amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>Note: The above important resolutions have been implemented.</p>

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors (including Independent Directors) or Supervisors regarding key resolutions of the Directors' Meeting in the most recent year up to the publication date of this report: None.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Officer, Financial Officer, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development:

Title	Name	Date of Appointment	Dismissal date	Reason for Resignation or Dismissal
Accounting & Financial Officer	Lo Yu Chi	2018.03.16	2023.04.28	The Accounting & Financial Officer, Lo, Yu-Chi, has resigned. Mr. Chen, Chia-Yen will take over as the new Accounting & Financial Officer.

IV. Information Regarding Audit Fee

CPA Fee Information

Unit: NT\$ thousands

Name of CPA Firm	Name of CPA	CPA Audit Period (Note 1)	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	Hsu, Jung-Huang	2023.1.1-2023.12.31	\$2,950	\$1,407. The service content include consolidated business report, relationship report, computer-controlled environmental assessment.	\$4,357	
	Ma, Chun-Ting					

Note: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period should be listed separately, and the reason for replacement should be stated in the "Remark(s)" column. Information regarding the audit and non-audit fees paid should also be disclosed in order. Non-audit fees should be annotated to explain the service content.

- (I) Changing an accounting firm and the audit fees paid in the year of the change are less than those in the year preceding the change: None
- (II) Whether the audit fees were reduced by more than 15 percent compared to the previous fiscal year: None.

V. Information on Change of CPAs:

(I) Regarding the former CPA

Replacement Date	Reported to and approved by the Board of Directors on March 14, 2024, to change the accounting firm and CPA starting from the fiscal year 2024.		
Replacement reasons and explanations	In line with the development of the Group's strategy, internal management requirements, and the international trend of strengthening corporate governance, the accounting firm and CPAs have been replaced.		
Describe whether the Company terminated or the CPA did not accept the appointment	<div>Parties</div> <div>Status</div>	CPA	The Company
	Termination of appointment		
	No longer accepted (continued) appointment		Upon the expiration of the appointment term, the Company will no longer continue the appointment.
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters (where Item 1-4 to Item 1-7, Paragraph 6, Article 10 of this Criterion shall be disclosed)	None		

(II) Regarding the successor CPA

Name of Accounting Firm	Deloitte Touche Tohmatsu Limited
Name of CPA	Lin, Shu-Wan, Shao, Chih-Ming
Date of Appointment	Approved by the Board of Directors on March 14, 2024, the Company will change its accounting firm and certified public

	accountant starting from the fiscal year 2024.
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Reply of the former CPA to Item 1 and Item 2-3, Paragraph 6, Article 10 of this Criterion: None.

VI. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm: None.

VII. Status of Share Transfer and Changes in Equity Pledge by the Directors, Supervisors, Managers, and Shareholders with Over 10% Shareholdings in the Most Recent Year until the Publication Date of the Annual Report

(I) Changes in shareholdings of Directors, Supervisors, managerial officers and substantial shareholders

Title	Name	2023		Current fiscal year up to March 30, 2024	
		Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged	Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged
Chairman	He Xin Industrial Co., Ltd. Representative: Chang, Ching-Kuei	0	0	0	0
Director	He Xin Industrial Co., Ltd. Representative: Tsai, Chung-Yan	0	0	0	0
Director	He Xin Industrial Co., Ltd. Representative: Lee, Hung-Ming	0	0	0	0
Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	0	0	0	0
Director	Representative of the Employee Welfare Committee of Cathay Real Estate Corporation: Lin, Chin-Liang	0	0	0	0
Director	Cathay Charity Foundation Representative: Chuang, Wan-Hua	0	0	0	0
Independent Director	James Y. Chang	0	0	0	0

Title	Name	2023		Current fiscal year up to March 30, 2024	
		Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged	Increase (Decrease) in Shareholdings	Increase (Decrease) in Shareholdings Pledged
Independent Director	Yu, Tsu-Kang	0	0	0	0
Independent Director	Lee, Li-Kun	0	0	0	0
10% Major Shareholder	Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd.	0	0	0	0
10% Major Shareholder	Wan Pao Development Co., Ltd.	0	0	0	0
President	Lee, Hung-Ming	0	0	0	0
Senior Vice President	Tsai, Chung-Yan	0	0	0	0
Senior Vice President	Lin, Chin-Liang	0	0	0	0
Vice President	Ku, Shang-Chieh	0	0	0	0
Vice President	Kuo, Chun- Ho	0	0	0	0
Vice President	Liao, Li-Chi	0	0	0	0
Senior Manager of Business Administration Department	Chen, Chia-Yen (Took office on 2023.04.28)	7	0	0	0
Senior Manager of Development Department	Liu, Pang-Ho	0	0	0	0
Senior Manager of Technical Department	Chang, Chih-Chiang (Took office on 2024.02.01)	0	0	0	0
Senior Manager of Project Department I	Hsiao, Chia-Ming	0	0	0	0
Senior Manager of Project Department II	Peng, Fei-I	0	0	0	0
Senior Manager of Project Department III	Chang, Chia-Lun	2,651	0	0	0
Corporate Governance Officer	Yen, Miao-Ju	0	0	0	0

- (II) Counterparties involved in equity transfer or pledging of equity are related parties:
None.

VIII. Relationship Among the Company's Top Ten Shareholders

Deadline: April 16, 2024; Unit: Shares; %

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	Number of Shares	Proportion of shareholdings (%)	Number of Shares	%	Number of Shares	%	Name	Relationship	
Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd. Representative: Wang, Li-Chiu	288,067,626	24.84%	0	0	0	0	Cathay Life Insurance Co., Ltd.	is the sponsor of the fund	
	0	0%							
Wan Pao Development Co., Ltd. Representative: Lin, Weng-Chuan	204,114,882	17.60%	0	0	0	0	Lin Yuan Investment Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
	0	0							
Cathay Life Insurance Co., Ltd. Representative: Xiong, Ming-He	68,646,584	5.92%	0	0	0	0	Employee Pension Fund Management Committee of Cathay Life Insurance Co., Ltd.	Is an allottee of the Company	
	0	0							
Lin Yuan Investment Co., Ltd. Representative: Lin, Weng-Chuan	54,094,814	4.67%	0	0	0	0	Wan Pao Development Co., Ltd. Wan-Da Investment Co., Ltd.	Share the same Chairman	
	0	0							
He Xin Industrial Co., Ltd. Representative: Huang, Zhong-You	22,000,000	1.90%	0	0	0	0	None	None	
	0	0							

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	Number of Shares	Proportion of shareholdings (%)	Number of Shares	%	Number of Shares	%	Name	Relationship	
Wan-Da Investment Co., Ltd. Representative: Lin, Weng-Chuan	18,701,652	1.61%	0	0	0	0	Wan Pao Development Co., Ltd. Lin Yuan Investment Co., Ltd.	Share the same Chairman	
	0	0							
Zhensheng Industrial Co., Ltd. Representative: Chen, Cheng-Chih	17,500,000	1.51%	0	0	0	0	None	None	
	0	0							
Taiwan Life Insurance Co., Ltd. Representative: Zheng, Tai-Ke	16,335,000	1.41%	0	0	0	0	None	None	
	0	0							
Qiu, Nian-Bang	13,939,000	1.20%	0	0	0	0	None	None	
	0	0							
Standard Chartered Managed iShares Emerging Markets ETF	8,825,900	0.76%	0	0	0	0	None	None	

Note 1. All the top 10 shareholders shall be listed. For juristic person shareholders, their names and the name of their representatives shall be listed separately.

Note 2. Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3. Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

IX. Investment of the Company, the Company's subsidiary, the Company's Directors, Supervisors, Managers and Subsidiaries Directly or Indirectly Controlled by the Company on the Re-investment business, and Total Shareholding Ratio

Mar. 30, 2024; Units: share; %

Re-investment Business (Note)	Investment by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Investments	
	Number of Shares	Proportion of shareholdings Percentage	Number of Shares	Proportion of shareholdings Percentage	Number of Shares	Proportion of shareholdings Percentage
Cathay Real Estate Management Co., Ltd.	5,000,000	100%	0	0	5,000,000	100%
San-Ching Engineering Co., Ltd.	120,000,000	100%	0	0	120,000,000	100%
Lin Yuan Property Management Co. Ltd.	1,530,000	51%	0	0	1,530,000	51%
Cathay Hospitality Management Co., Ltd.	25,000,000	100%	0	0	25,000,000	100%
Cathay Hotel Management Consulting Co., Ltd.	60,000,000	100%	0	0	60,000,000	100%
Cathay Food & Beverage Group Co., Ltd.	0	0	11,500,000	100%	11,500,000	100%
Cathay Healthcare Management Co., Ltd.	46,750,000	85%	0	0	46,750,000	85%
Cymbal Medical Network Co., Ltd.	35,000,000	100%	0	0	35,000,000	100%
Cymder Co., Ltd.	0	0	12,000,000	100%	12,000,000	100%
Cymlin Co., Ltd.	0	0	14,000,000	100%	14,000,000	100%
Jinhua Realty Co., Ltd.	40,800,000	51%	0	0	40,800,000	51%
Bannan Realty Co., Ltd.	58,650,000	51%	0	0	58,650,000	51%
Sanchong Realty Co., Ltd.	183,480,000	66%	0	0	183,480,000	66%
Zhulun Realty Co., Ltd.	20,400,000	51%	0	0	20,400,000	51%

Note: Invested by the Company using the equity method

Chapter 4. Funding Status

I. Capital and Shares

(I) Source of Capital

Year/Month	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NT\$)	Number of Shares	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1964.12	10	10,000,000	100,000,000	10,000,000	100,000,000	Establishment in Cash	None	September 14, 1964 J.X.Z. No. 0731
1969.08	10	11,500,000	115,000,000	11,500,000	115,000,000	Capital increase from retained earnings 1,500,000 new shares issued	None	May 28, 1969 Z.G. (58) F.Z. No. 0559
1970.12	10	11,960,000	119,600,000	11,960,000	119,600,000	Capital increased by surplus and capital surplus 460,000 new shares issued	None	September 29, 1970 Z.G. (59) F.Z. No. 0920
1971.10	10	20,000,000	200,000,000	20,000,000	200,000,000	Capital increased by cash 8,040,000 new shares issued	None	June 4, 1971 Z.G. (60) F.Z. No. 0467
1972.08	10	25,000,000	250,000,000	25,000,000	250,000,000	Capital increased by cash and capital increased by surplus 5,000,000 new shares issued	None	June 20, 1972 Z.G. (61) F.Z. No. 0480
1973.09	10	50,000,000	500,000,000	50,000,000	500,000,000	Capital increased by cash and capital increased by surplus and capital surplus 25,000,000 new shares issued	None	June 2, 1973 Z.G. (62) F.Z. No. 0656
1974.09	10	55,250,000	552,500,000	55,250,000	552,500,000	Capital increased by surplus and capital surplus 5,250,000 new shares issued	None	August 17, 1974 Z.G. (63) Y.Z. No. 1371
1976.11	10	70,000,000	700,000,000	70,000,000	700,000,000	Capital increased by cash and capital increased by surplus	None	August 9, 1976 Z.G. (65) Y.Z. No. 0991

Year/Month	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NT\$)	Number of Shares	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
						14,750,000 new shares issued		
1978.09	10	110,000,000	1,100,000,000	110,000,000	1,100,000,000	Capital increased by cash and capital increased by surplus 40,000,000 new shares issued	None	June 20, 1978 Z.G. (67) Y.Z. No. 0671
1979.10	10	126,200,000	1,262,000,000	126,200,000	1,262,000,000	Capital increase from retained earnings 16,200,000 new shares issued	None	September 6, 1979 Z.G. (68) Y.Z. No. 28893
1980.09	10	140,000,000	1,400,000,000	140,000,000	1,400,000,000	Capital increase from retained earnings 13,800,000 new shares issued	None	July 7, 1980 Z.G. (69) Y.Z. No. 0822
1981.10	10	161,000,000	1,610,000,000	161,000,000	1,610,000,000	Capital increase from retained earnings 21,000,000 new shares issued	None	August 10, 1981 Z.G. (70) Y.Z. No. 0256
1983.12	10	165,830,000	1,658,300,000	165,830,000	1,658,300,000	Capital increased by capital surplus 4,830,000 new shares issued	None	November 16, 1983 (72) T.C.Z. (Y.) No. 2538
1984.10	10	170,804,900	1,708,049,000	170,804,900	1,708,049,000	Capital increased by capital surplus 4,974,900 new shares issued	None	October 1, 1984 (73) T.C.Z. (Y.) No. 2778
1985.10	10	191,301,488	1,913,014,880	191,301,488	1,913,014,880	Capital increase from retained earnings 20,496,588 new shares issued	None	October 8, 1985 (74) T.C.Z. (Y.) No. 14836
1986.12	10	210,431,636	2,104,316,360	210,431,636	2,104,316,360	Capital increased by surplus and capital surplus 19,130,148 new shares issued	None	October 16, 1986 (75) T.C.Z. (Y.) No. 14881

Year/Month	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NT\$)	Number of Shares	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1987.10	10	231,474,799	2,314,747,990	231,474,799	2,314,747,990	Capital increase from retained earnings 21,043,163 new shares issued	None	July 8, 1987 (76) T.C.Z. (Y.) No. 00641
1988.09	10	266,196,018	2,661,960,180	266,196,018	2,661,960,180	Capital increase from retained earnings 34,721,219 new shares issued	None	June 30, 1988 (77) T.C.Z. (Y.) No. 08548
1989.10	10	306,125,420	3,061,254,200	306,125,420	3,061,254,200	Capital increase from retained earnings 39,929,402 new shares issued	None	July 20, 1989 (78) T.C.Z. (Y.) No. 25500
1991.03	10	413,025,480	4,130,254,800	413,025,480	4,130,254,800	Capital increased by cash and capital increased by surplus 106,900,060 new shares issued	None	October 19, 1990 (79) T.C.Z. (Y.) No. 02712
1991.09	10	578,235,672	5,782,356,720	578,235,672	5,782,356,720	Capital increase from retained earnings 165,210,192 new shares issued	None	June 29, 1991 (80) T.C.Z. (Y.) No. 01346
1992.09	10	722,794,590	7,227,945,900	722,794,590	7,227,945,900	Capital increased by surplus and capital surplus 144,558,918 new shares issued	None	June 30, 1992 (81) T.C.Z. (Y.) No. 01463
1993.09	10	867,353,507	8,673,535,070	867,353,507	8,673,535,070	Capital increased by surplus and capital surplus 144,558,917 new shares issued	None	June 18, 1993 (82) T.C.Z. (Y.) No. 01468
1994.09	10	1,085,918,347	10,859,183,470	1,085,918,347	10,859,183,470	Capital increased by surplus and capital surplus 218,564,840 new shares issued	None	June 24, 1994 (83) T.C.Z. (Y.) No. 28893
1995.09	10	1,303,102,016	13,031,020,160	1,303,102,016	13,031,020,160	Capital increased by surplus and capital surplus 217,183,669 new shares issued	None	June 13, 1995 (84) T.C.Z. (Y.) No. 35033

Year/Month	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NT\$)	Number of Shares	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1996.05	10	1,433,412,217	14,334,122,170	1,433,412,217	14,334,122,170	Capital increase from retained earnings 130,310,201 new shares issued	None	June 8, 1996 (85) T.C.Z. (Y.) No. 36644
1997.08	10	1,519,416,950	15,194,169,500	1,519,416,950	15,194,169,500	Capital increase from retained earnings 86,004,733 new shares issued	None	June 11, 1997 (86) T.C.Z. (Y.) No. 46297
1998.08	10	1,595,387,797	15,953,877,970	1,595,387,797	15,953,877,970	Capital increased by capital surplus 75,970,847 new shares issued	None	June 15, 1998 (87) T.C.Z. (Y.) No. 51500
1999.08	10	1,675,157,186	16,751,571,860	1,675,157,186	16,751,571,860	Capital increased by surplus and capital surplus 79,769,389 new shares issued	None	June 19, 1999 (88) T.C.Z. (Y.) No. 53897
2001.04	10	1,675,157,186	16,751,571,860	1,619,823,186	16,198,231,860	The first capital decrease in treasury stock 55,334,000 share	None	February 8, 2001 (90) T.C.Z. (S.) No. 105264
2001.11	10	1,619,823,186	16,198,231,860	1,606,107,186	16,061,071,860	The second capital decrease in treasury stock 13,716,000 share	None	October 9, 2001 (90) T.C.Z. (S.) No. 159903
2002.01	10	1,606,107,186	16,061,071,860	1,570,971,186	15,709,711,860	The third capital decrease in treasury stock 35,136,000 share	None	Oct. 29, 2001 (90) T.C.Z. (S.) No. 172262
2002.12	10	1,570,971,186	15,709,711,860	1,567,186,186	15,671,861,860	The fourth capital decrease in treasury stock 3,785,000 share	None	Feb. 11, 2002 (91) T.C.Z. (S.) No. 0910164510
2003.09	10	1,656,515,798	16,565,157,980	1,656,515,798	16,565,157,980	Capital increased by surplus and capital surplus 89,329,612 new shares issued	None	July 17, 2003 (92) T.C.Z. (Y.) No. 0920132017
2016.10	10	2,000,000,000	20,000,000,000	1,159,561,059	11,595,610,590	Capital decreased by 496,954,739 shares in cash	None	July 28, 2016 J.G.Z.F.Z. No. 1050028001

Share Type	Authorized Capital (Shares)			Remarks
	Issued Shares Outstanding Shares (stocks listed on Taiwan Stock Exchange)	Unissued Shares	Total	
Common stock	1,159,561,059	840,438,941	2,000,000,000	

Information on the shelf registration system: None.

(II) Shareholder Structure

April 16, 2024

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	40	158	52,880	257	53,336
Shares Held	48,932	97,211,821	643,376,144	321,078,425	97,845,737	1,159,561,059
Shareholding Ratio	0.01%	8.38%	55.48%	27.69%	8.44%	100.00%

(III) Distribution of Equity Ownership

1. Common Shares

April 16, 2024

Range of Shares	Number of Shareholders	Number of Shares Held (in Shares)	Shareholding Ratio
1 to 999	24,647	7,352,216	0.63%
1,000 to 5,000	20,211	45,269,991	3.90%
5,001 to 10,000	3,972	30,854,568	2.66%
10,001 to 15,000	1,293	16,371,760	1.41%
15,001 to 20,000	848	15,473,395	1.34%
20,001 to 30,000	708	18,035,695	1.56%
30,001 to 40,000	398	14,148,460	1.22%
40,001 to 50,000	277	12,842,626	1.11%
50,001 to 100,000	455	32,848,015	2.83%
100,001 to 200,000	243	34,920,232	3.01%
200,001 to 400,000	134	37,633,333	3.25%
400,001 to 600,000	54	26,244,248	2.26%
600,001 to 800,000	14	9,837,625	0.85%
800,001~1,000,000	22	20,186,019	1.74%
Over 1,000,001	60	837,542,876	72.23%
Total	53,336	1,159,561,059	100.00%

2. Preference Shares: None

(IV) List of Major Shareholders

April 16, 2024

Name of Major Shareholders	Share	Number of Shares Held (In Shares)	Shareholding Ratio
Cathay Life Insurance Co., Ltd. Employee Pension Fund Management Committee		288,067,626	24.84%

of Cathay Life Insurance Co., Ltd.		
Wan Pao Development Co., Ltd.	204,114,882	17.60%
Cathay Life Insurance Co., Ltd.	68,646,584	5.92%

Note 1. Shareholders who hold more than 5% of the shares are disclosed.

Note 2. Please refer to pages 119-120 for the list of top 10 shareholders with the largest shareholdings, as well as the number of shares held and shareholding ratios.

(V) Information on Market Price, Net Value, Surplus and Capital Bonus Per Share

Unit: NT\$

Item \ Year		2022	2023	Current fiscal year up to March 30, 2024 (Note 8)	
Market price per share (Note 1)	Maximum	19.35	18.25	21.85	
	Minimum	14.45	14.75	18.15	
	Average	16.86	16.25	19.32	
Net worth per share (Note 2)	Before distribution	21.22	22.68	23.29	
	After distribution	21.22	(Note 10)	(Note 11)	
Earnings per share (Note 9)	Weighted average number of shares (in shares)	1,159,561,059	1,159,561,059	1,159,561,059	
	Earnings per share (Note 3)	1.04	1.87	(Note 11)	
Dividend per share	Cash dividends		0.5	(Note 10)	(Note 11)
	Share grants	Stock dividends appropriated from earnings	0	(Note 10)	(Note 11)
		Stock dividends appropriated from capital surplus	0	(Note 10)	(Note 11)
	Accumulated unpaid dividends (Note 4)		0	0	0
Return on investment	Price-to-Earnings Ratio (Note 5)		16.53	8.63	(Note 11)
	Price-to-Dividends Ratio (Note 6)		28.65	(Note 10)	(Note 11)
	Cash dividend yield rate (Note 7)		2.91%	(Note 10)	(Note 11)

Note 1. List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2. Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3. If there is any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4. If there is any condition in issuing equity securities that allows for an undistributed dividend for the fiscal year to be accumulated to subsequent fiscal years in which there is profit, the Company shall separately disclose cumulative undistributed dividends up to that fiscal year.

Note 5. Price/ earning ratio = Average closing price per share for the current fiscal year / earnings per share

Note 6. Price/dividend ratio = Average closing price per share for the current fiscal year / cash dividend per share

Note 7. Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8. Net value per share and earnings per share are the data in the first quarter of 2024 which are not yet reviewed by CPAs; the remaining fields are the data in the current year up to the date of the publication of the annual report.

Note 9. Data of 2022 and 2023 has been audited by CPAs, and data of 2024 Q1 has not yet been reviewed by CPAs.

Note 10. The distribution of earnings for 2023 has not yet been approved by the Board of Directors.

Note 11. Not applicable quarterly.

(VI) Implementation of Resolutions of the Shareholders' Meeting

1. If the Company earns profit for the year, 0.1% to 1% of it shall be distributed as employee compensation, and no more than 1% as Director and Supervisor compensation. However, the Company's accumulated losses, if any, shall first be covered.
2. If there is surplus after the Company's annual final accounting, besides paying taxes according to the law, the Company shall first offset its previous years' losses, and set aside legal reserve, set aside or reverse special reserve according to the law, and then allocate 30% to 100% as shareholders dividends and bonus. The remaining, together with the beginning undistributed earnings, shall be the distributable profit. The Board of Directors shall prepare earnings distribution proposal, and submit it at the shareholders' meeting for approval. The distribution ratio of the above shareholders' dividends and bonus shall be planned depending on the current year's major financial or working capital, and may be adjusted upon resolution of the shareholders' meeting against the proposal of the Board of Directors.
3. When the aforementioned special surplus reserve is present, the net amount of other equity deductions for the current period should be deducted from the amount of the current net profit after tax plus the amount of items other than the current net profit after tax included in the current unappropriated earnings, and the same amount of special surplus reserve should be provided. If there is still a shortfall, it will be withdrawn from the previous unappropriated earnings. However, if the net amount of other equity deductions accumulated in previous periods is still insufficient, the same amount of special surplus reserve should be provided from the current net profit after tax plus the amount of items other than the current net profit after tax included in the current unappropriated earnings.
4. In response to the economy and market environment changes, the Company adopts a diversified investment approach to increase profitability. In consideration of long-

term financial planning and future funding requirements, the residual dividend policy is adopted for dividend policy, so as to achieve steady growth and sustainable operation.

5. Based on the Company's operational planning and capital investment, as well as taking into account shareholders' cash inflow requirements and avoiding over expansion of share capital, profit is to be first distributed in a form of cash dividend, followed by stock dividend. However, cash dividend distribution ratio shall not be less than 50% of total dividend.

The principles above have been approved by the Board meeting and shareholders' meeting and set out in the Articles of Incorporation. The future dividends shall be allocated in accordance with the dividend policy set out in the Articles of Incorporation.

6. Distribution of dividends proposed at the most recent shareholders' meeting

The Company's 2023 earnings distribution proposal has not yet been resolved by the Board of Directors of the Company.

7. Expected significant changes in the dividend policy: None.

(VII) Status of Resolutions Made by Shareholders' Meetings

1. The following matters have been approved at the shareholders' meeting on June 9, 2023 and hence implemented:

- (1) 2022 Business Report and Financial Statements.

- (2) 2022 Earnings Distribution Proposal.

Implementation Status: For the allocation of earnings for 2022, July 21, 2023 was the ex-dividend base date, and a cash dividend of NT\$579,780,530 was distributed (NT\$0.5 per share) at the payment date of August 11, 2023. The Company had completed the payment.

- (3) Approval to lift the restrictions on competition prohibition imposed on the Company's 20th term of directors.

Status of implementation: It is agreed to release Director Chang Ching-Chun, Director Li Hung-Ming, Director Tsai Tsung-Yen, Director Chu Chung-Chiang, Director Lin Ching-Lang, and Independent Director Yu Tsu-Kang from the non-competition restrictions for the positions they hold in the listed companies, this was announced on the Open Information Observation Station on June 9, 2023.

(VIII) The impacts of issuing stock grants in this shareholder's meeting on the Company's operational performance and earnings per share: None

(IX) Compensation of employees, directors, and supervisors

1. The percentage or scope of compensation of employees, Directors and Supervisors as set out in the Articles of Association: Please refer to the dividend policy in Article (VI) above.
2. Accounting treatment for any discrepancy between the estimate foundation of current compensation of employees, Directors and Supervisors, calculation foundation of the number of shares in the compensation of employees allocated in stocks and the actual amount allocated and the number estimated: the estimation shall be made by the after-tax net profit as of 2023 in consideration of legal reserve and other factors on the basis of the percentage set out in the Articles of Association. However, if there is a discrepancy between the actual allocated amount proposed by the shareholders' meeting and the estimated number afterward, it will be listed as the profit and loss in 2024.
3. Status of compensation distribution as approved by the Board of Directors (2024.3.14):
 - (1) Compensation of employees, Directors and supervisors allocated in cash or stock: Employees were paid with NT\$2,245 thousand and Directors NT\$2,400 thousand both in cash.
 - (2) Ratio of employee compensation allocated in stock to the total of after-tax net profit in the current parent company only or individual financial report and the employee compensation: None
4. The distribution of employee bonuses and compensation of Directors and supervisors in 2023:

The employee bonus of NT\$1,330 thousand and the compensation of Directors of NT\$2,400 thousand were distributed in cash in line with the resolution of the Board of Directors.

(X) Buyback of Treasury Stock: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depositary Receipts: None

V. Issuance of Employee Stock Options: None.

VI. Issuance of New Restricted Employee Shares: None

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Implementation of Capital Utilization Plan: None.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. Main business operations of the Company

- (1) Retail of medical equipments
- (2) Department Stores.
- (3) Car Rental and Leasing.
- (4) Parking Garage Business.
- (5) Residence and Buildings Lease Construction and Development.
- (6) Industrial Factory Buildings Lease Construction and Development.
- (7) Specialized Field Construction and Development.
- (8) Public Works Construction and Investment.
- (9) New County and Community Construction and Investment.
- (10) Land Levy and Delimit.
- (11) Reconstruction within the Renewal Area.
- (12) Renovation, or Maintenance within the Renewal Area.
- (13) Construction Management.
- (14) Real Estate Commerce.
- (15) Real Estate Rental and Leasing.
- (16) Real Estate Consignment Brokerage.
- (17) Management Consulting Services.
- (18) Other Consultancy.
- (19) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of Consolidated Business Activities in 2023

Unit: NT\$ thousands

Item	Amount	Percentage (%)
Sales of buildings and land	6,454,013	41.69%
Construction income	4,037,554	26.08%
Service revenue	4,291,403	27.72%
Rent income	502,129	3.24%
Others	195,875	1.27%
Total	15,480,974	100.00%

3. The Company's Current Products and Planned Developments of New Products

The Company's main products currently focus on investing in, the construction and sales of residential buildings with elevators. Six products are planned to be launched in 2024, in partnership with a Japanese company, including "META PARK" in Zhonghe, "RIVER PARK" in Sanchong, "Cathay Hsu" in Xinzhuang, as well as projects in Neihu District of Taipei City, Taichung, and Tainan. These projects will be publicly sold based on the economic conditions and market situations.

(II) Industry Overview

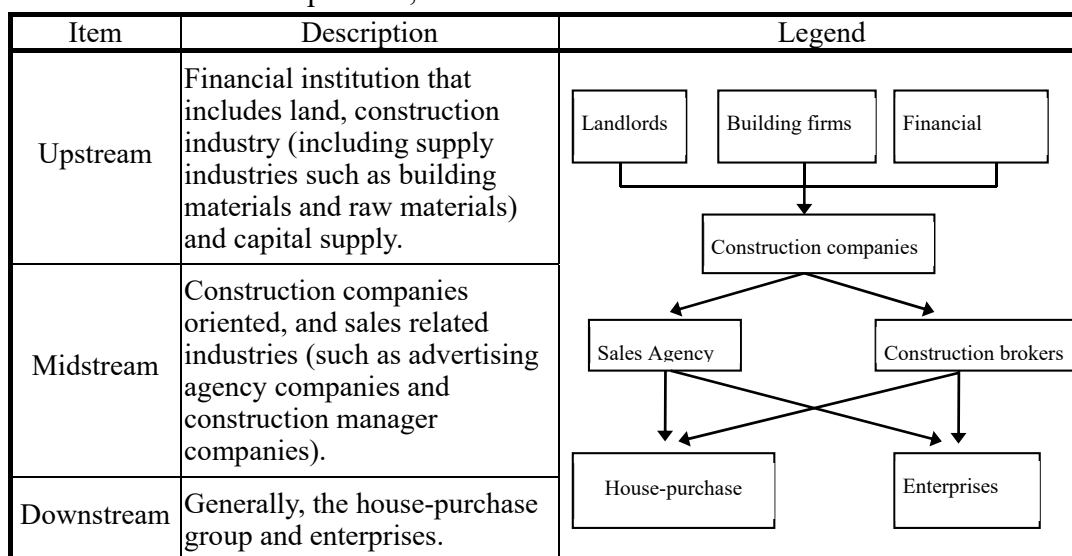
1. Current state and development of the industry

Benefiting from the long-term low-interest rate environment since 2020, and as a result of the global COVID-19 pandemic, major central banks implemented massive QE policies, causing an influx of hot money and abundant domestic funds; leading to a wave of domestic real estate buying frenzy. The number of property transaction units in 2021 reached a new high in nearly eight decades at 348,000, together with the gradual increase of housing loans and the outstanding balance of construction costs. However, in 2022, to the discontent of the public, due to the rapid rise in real estate prices, the government actively implemented a series of real estate policies (Real Price Registration 2.0, Land and Building Tax, credit control, and amendments to the Equalization of Land Rights Act), forcing short-term investors to gradually exit the market. Conversely this also impacted the buying sentiment of self-occupiers, causing them to adopt a wait-and-see attitude. The low transaction environment continued into the Lunar New Year of 2023 as the number of transaction units declined for the first time after five consecutive years of increase, reaching 318,000 units. However, in the second half of 2023, Taiwan's stock market soared, challenging the 18,000-point level; allowing the economy to gradually recovered, indicating a positive sign. In the market environment where housing demand was oriented towards self-occupiers (New Youth Housing Purchase Loan Program, Housing Hoarding Tax 2.0, etc.), self-occupier buyers regained confidence and

accelerated their entry into the market, the number of transaction units in 2023 barely managed to stay above 300,000 as rates still maintained high.

Overall housing supply and demand: In 2023, the overall housing demand gradually recovered towards the end of the year, which will continue to boost confidence within construction companies towards launching new projects in 2024, thus maintaining the pace of new project launches. The supply is expected to increase compared to the previous year, and in terms of demand, as the government re-introduced favorable policies for self-use buyers at the end of last year, rigid demand accompanied by economic recovery has brought about a wave of housing market performance, causing short-term investors to hold back. Currently, the market is supported only by self-use and property investment buyers. Although indications of increase in consumers' acceptance of housing prices is proven through home buyers' shortened evaluation time before purchase, stable interest rates continue to impact consumer momentum. Overall, with the economic recovering, the real estate market in 2024 will move toward a steady pace, exhibiting a pattern of moderate price increases and stable volume.

2. Correlations between upstream, midstream and downstream Industries



3. Product Trends

1. Architectural brand leadership

With the improvement of the standard of national lives, customers are requiring a higher standard of building facade, structure planning, construction quality and other details. Therefore, the excellent customer service and brand image catering for consumers will become one of the key points to sell products in the future.

2. Futuristic design

Due to changes in consumer demand patterns, strengthening the product functions such as health, technology, environmental protection, leisure, safety, comfort and high quality, considering the future development, and enhancing the value of construction will become the mainstream trend in the future. Additionally, the Company has established a strong reputation and brand image in the market and places an immense value on sustainable after-sales support.

3. Economical and environment-friendly construction

In the era where the raw materials increase gradually, how to ensure construction quality, protect the environment and save materials will become the focus of high-quality buildings in the future.

4. Integrated community living function

In the future, the integrated living functions will be emphasized in new communities. Baby sitting, fitness, catering, conference, recreation and entertainment will be the necessary living functions in communities.

4. Competition

The product design of the real estate market must conform to local characteristics, but there shall be difference between regional projects. With changes in market demand, the product types shall be adjusted rapidly and timely, and market segmentation shall be done based on regional customer characteristics, in order to expand the Company's operating scale with diverse products. In recent years, the Company has been developing projects mainly in the metropolitan areas like Taipei-Keelung metropolitan area, Taoyuan, Hsinchu, Taichung, Tainan and Kaohsiung. The adamant management team, sound financial planning, professional R&D and design, and solid engineering construction are the maximum competitive condition of the Company. In addition, the Company emphasizes permanent after-sales service and has established a good reputation and brand image in the market.

(III) Technology and R&D Overview

In order to strengthen the transparency of the real estate market information, improve the development of the real estate market, and fulfill the corporate social responsibility, the Company has been preparing the Cathay Real Estate Index with Taiwan Real Estate Research Center of National Chengchi University from the end of 2002 for 22 years in 2024. More than NT\$3 million of budget is invested in the preparation every year, and it has become one of the important sources of reference of domestic real estate information. In terms of R&D of product technology, we have invested lots of manpower and funds in the fields of planning, design, building materials and equipment. Therefore, the projects developed by the Company can be favored by customers and sold well in a short period

of time. In recent years, with the purpose of breaking through design thinking, we also introduced foreign design teams to enable the Company's products to be more competitive.

1. Industry Trends

- (1) Changes in the real estate business cycle
- (2) Evolution of the real estate market products
- (3) Quarterly Report of Cathay Real Estate Index

2. Architectural technology

- (1) Control of architecture construction cost
- (2) Discussion on the standard construction period
- (3) Discussion on construction laws and building products
- (4) Discussion on building construction specifications
- (5) Discussion on green building design
- (6) Discussion on intelligent construction equipment
- (7) Discussion on earthquake-resistant buildings
- (8) Discussion on energy-saving and carbon-reduced equipment

(IV) Long-term and Short-term Development

1. Long-term Development

(1) Branding

Implement the Company's core values, business philosophy and four guarantees, keep initiative, innovate services, and pursuit of excellence, in order to achieve the philosophy of sustainable development and sustainable service. The Company continues executing the brand optimization and implement action plan, leverage Cathay's advantages, enhance the comprehensive quality, knowledge management and digital transformation based on the thinking of "Quality Lifetime House", and maintain and continue the brand value through sustainable services.

(2) Land Development

After strengthening and stabilizing the core business, we have also introduced our business philosophy and integrated digital technology into the development of real estate and created added value to enhance our competitive edge, expand

the business scale, diversify development models, actively participate in the development of commercial and complex buildings, and stride forward toward the vision of becoming a comprehensive developer.

(3) Product Planning

Through incorporation of the concept of sophisticated practical planning and design, coupled with digital technology, environmental protection, and energy-saving techniques, thoughtful designs were introduced; increasing product added value, and catering to the needs of the target customer group, creating product differentiation and enhancing product competitiveness.

(4) Marketing

Build and improve the customer database management system using digital integration and big data analysis, in order to keep abreast of the marketing trends, integrate the Group's resources and synergies, diversify the contents of plans, and create a new sales strategy

(5) Customer Service

Use the customer database and management system to conduct data analysis and feedback, strengthen customer service APP functions, and combine group resources to expand the scope of customer service, so that customers can experience the peace of mind and comfort from residential buildings to healthy living circles, so as to meet customer diversification demand to strengthen the Company's brand value and reputation.

2. Short-term Development

(1) Branding

"Create value, deepen brand", actively differentiate product markets, create brand niches, so as to win customer recognition and avoid price wars of homogenization.

(2) Project Development

The Company will continue to maintain the basic reserve of projects and develop lands in diversified ways, such as bidding for more public and commercial urban renewal projects, joint venture development with strategic partners, etc. On the other hand, we will prudently operate the existing re-investing business and actively work on efficiency optimization and site expansion to increase the service capacity and expand the territory. In addition, we will actively evaluate

the layout of the new blue-sea business in order to move towards diversified operations.

(3) Product Planning

With sophisticated and practical planning and design concepts, combined with digital technology, environmental protection and energy-saving technologies, we will increase the intimate and added value of products in line with the needs of various target customers to enhance the product competitiveness.

(4) Marketing

Innovate marketing strategies, and break through market competition by combining the professional resources of architects, designers, sales agents, and relevant fields, diversify the contents of plans, and integrate the Group's synergies.

(5) Customer Service

The integration of Group resources with the application of digital technology, strengthening customer service APP and online material selection functions, the Company launched a credit card in 2016, providing discounts to customers who have made purchases the Group's from affiliated companies. The Company also promoted the LINE official account service function to further enhance service quality and efficiency.

II. Market, Production, and Sales Overview

(I) Market Analysis

1. Sales (Service) Regions

The Company has business points in Taipei, Taichung, Tainan and Kaohsiung, and its business area includes the main metropolitan area of Taiwan. The supply and demand of the major metropolitan areas in Taiwan in the past two years are shown in the table below.

	2022		2023	
	Launched amount (Hundreds of Millions)	30-day sales rate (%)	Launched amount (Hundreds of Millions)	30-day sales rate (%)
Taipei	2,789	15.15	1,868	8.89
New Taipei	3,713	10.56	3,140	11.41
Taoyuan	2,288	9.98	1,677	10.14
Hsinchu	807	18.10	857	10.06
Taichung	3,158	11.02	3,534	11.91
Tainan	1,391	16.26	1,043	15.74
Kaohsiung	1,857	12.12	2,141	10.85

	2022		2023	
	Launched amount (Hundreds of Millions)	30-day sales rate (%)	Launched amount (Hundreds of Millions)	30-day sales rate (%)
Nationwide	16,002	12.05	14,260	11.46

Data source: Quarterly Report of Cathay Real Estate Index. 30-day sales rate refers to the sales situation in the month of launch, excluding subsequent sales.

2. Market Share

There is no statistical data on the rental and sales of houses in Taiwan, and it is impossible to calculate the market share, only an overview of the same industry is listed.

Unit: NT\$ thousands

Company Name	2023 revenue		Company Name	2023 revenue	
	Amount	Rank		Amount	Rank
Run Long	30,592,919	1	Sino Horizon	11,732,608	11
Farglory	21,788,172	2	Hwang Chang	10,098,358	12
Goldsun	17,870,020	3	Te Chang	9,614,148	13
Chonghong	17,732,828	4	Chong Hong	9,384,249	14
Ruentex	17,158,980	5	New Asia	8,626,761	15
Huaku	15,661,476	6	Yung Shin	8,227,076	16
Dacin	15,012,124	7	Sakura	7,062,994	17
Kedge	14,219,639	8	Cathay Red.	6,829,160	18
Da-Li	14,111,081	9	Kindom	6,474,705	19
Highwealth	13,241,365	10	Li Ming	5,658,569	20

Data source:
MOPS

3. Future supply & demand and growth of the market

According to the Cathay Real Estate Index Quarterly Research Report, through observing the trend of the Cathay Real Estate Index from 2023, the nationwide new housing market exhibited a pattern of rising prices and shrinking volume, mainly influenced by factors such as the unfavorable international economic climate and Taiwan's poor export performance in the early part of the year. The housing market performance in the first quarter of 2023 was unsatisfactory. Fortunately, the implementation of the favorable policy of new mortgage interest subsidies helped revive the housing market's volume as the economic situation improved in the latter half of the year. Looking ahead to the market trend in 2024, export performance is predicted to steadily improve as the domestic manufacturing industry's inventory depletion phase is nearing its end, promoting economic recovery. This is anticipated to result in a trend of moderate price increases in the housing market.

In terms of supply and demand in the real estate market, due to factors such as tightening of funds and rising prices, developers were somewhat reluctant to launch new projects in 2023, resulting in a slight decline in the total amount of new projects

launched nationwide. Fortunately, the domestic economic momentum is expected to gradually recover in early 2024, expected to boost developers' willingness to launch new projects. Unfortunately under the guidance of housing market control policies, it is expected that rigid demand for owner-occupied housing will remain the main support in 2024, and as the economy bounces back, the released buying power will help maintain steady transaction volumes.

Overall, although the real estate growth in 2023 was somewhat flat, under the framework of economic recovery in the future, it is expected that the housing transaction structure will maintain a pattern of moderate price increases and stable volume. The important factors that will affect the real estate market operations in the new year are summarized as follows:

(1) International situation

Major European and American countries have already prompted an orderly decline in inflation while suppressing a high interest rate environment, as well as a steady recovery of real interest rates in major economies, serving as favorable leverage for monetary easing. Additionally, the economic growth of export-oriented countries has recovered from its low point, driving global economic performance. According to IMF estimates, the global economic growth rate for 2024 will be 2.9%, indicating a moderate expansion pattern. However, concerns such as geopolitical struggles during the US presidential election year must be considered. If there are turbulent developments in the international situation, it will consequently impact the demand for investment products, high-end residential properties, and other products in the domestic market.

(2) Policy

Against the backdrop of the "Healthy Real Estate Market Program" continuing to serve as the main policy for regulating the housing market, although the amendment to the "Equalization of Land Rights Act" has had little impact on the housing market performance, and the introduction of the "New Young Household Loan" program has allowed the low-priced housing market to warm up again, gradually shifting the housing market towards rigid demand markets such as owner-occupied housing. While the impact of the "Hoarding Tax 2.0" to be implemented in mid-2024 on the housing market remains to be observed, it is foreseeable that relevant policies will suppress speculative purchasing in the short term. The housing market in 2024 is projected to remain dominated by rigid demand markets.

(3) Economic growth rate

Driven by the recovery of purchasing power in European and American countries, Taiwan's export performance is expected to return to positive growth in 2024. Additionally, due to the low base period in 2023, the Directorate-General of Budget, Accounting and Statistics estimates that the economic growth rate for the new fiscal year will reach 3.35%. Although the results is not as impressive as during the pandemic, it nevertheless reflects a solid economic expansion pattern, reflecting a warmer economic recovery in the coming fiscal year.

(4) Interest rate and price

Benefiting from global commodity price stabilization, particularly the recent stabilization and downward trend of core inflation in the United States, and the new supply of shale oil keeping energy prices stable, the stable inflation rate has gradually turned real interest rates in Europe and the United States positive, leading major central banks around the world to brew an environment of falling interest rates. However, due to Taiwan's relatively mild interest rate policy and considering that the interest rate differential between Taiwan and the United States remains large, it is expected that the time for Taiwan will not cut interest rates too soon, making it difficult for domestic real estate transactions to have explosive growth this year. Additionally, the Directorate-General of Budget, Accounting and Statistics estimates that Taiwan's annual growth rate of the Consumer Price Index (CPI) for 2024 will be around 1.64%.

4. Competitive Niches

- (1) Excellent brand image
- (2) Steady financial situation
- (3) Professional R&D and design
- (4) Solid engineering construction
- (5) Permanent after-sales service

5. Favorable and Unfavorable Factors in the Long Term and Strategies

(1) Favorable Factors

- a. At present, the real interest rate in the domestic market remains low. Driven by the concept of "being wealthy with land" and the expectation of rising prices among the people, real estate remains a general investment and value preservation tool for property acquisition.

- b. The government actively promotes various economic revitalization programs, major construction projects, and investment by returning Taiwanese businesses, resulting in a growth in industrial development, which relatively also provides many construction and employment opportunities, stimulating the prosperity of the real estate market.

(2) Unfavorable Factors

- a. With the decreased land resources and increased land price, the land acquisition costs are increased in Great Taipei Essence Zone.
- b. The high construction demand arising from the launch of major construction projects and the return of overseas Taiwanese business capital to build factories leads to a rise in prices of raw materials and wages, which increases construction costs.
- c. International uncertainties prevail, including the subsequent development of the two sides of the strait and the concern over the economic recession in Europe and the United States, which may affect the future trend of the real estate market.

(3) Countermeasures

- a. Evaluate development projects prudently and strengthen product planning to increase added value and to reduce the impact of increasing costs.
- b. In addition to the downtown essence zone, the potential suburb lands shall be actively evaluated and purchased and the diversified land development methods shall be expanded, such as joint construction or urban renewal business.
- c. Make effective use of the advantages of the Group's value chain and properly deploy new business investments to strengthen diversified operations and achieve synergy.

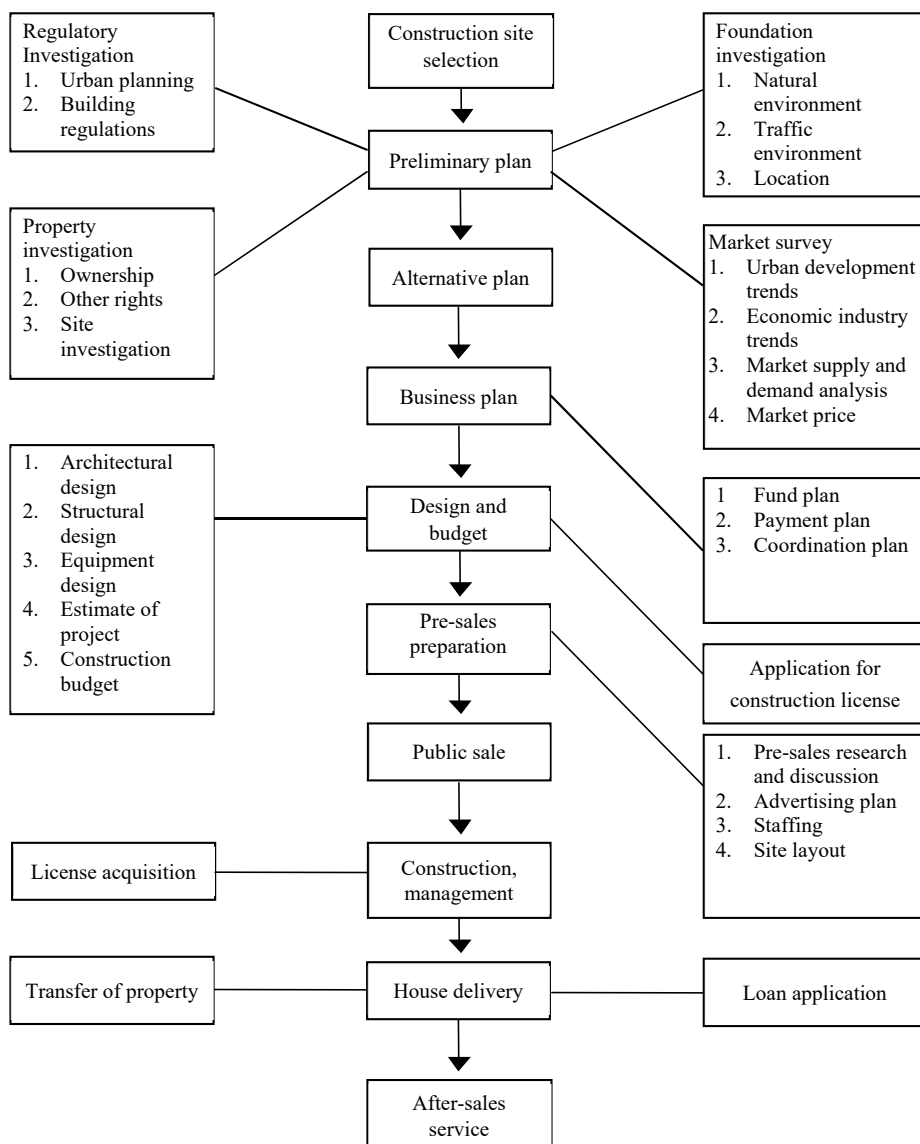
(II) Production Procedures of Main Products

1. Major Products and Their Main Uses

The Company invests in and constructs various types of products in the major metropolitan areas of North, Central and South Taiwan based on the different demands of customers in each region. The main products can, depending on their functions, be divided into two categories, residential buildings and commercial buildings. The residential buildings are residence-purposed, including open-air villas and high-quality residential buildings with elevator; and the commercial buildings

are commerce-purposed, such as shopping malls, high-end office buildings and integrated commercial buildings.

2. Production processes of major products



(III) Supply Status of Main Materials

The main raw materials of the Company are land. In addition to obtaining land through the public auction and open investment promotion of National Property Administration or county/city governments, the raw materials of land are mainly obtained through the introduction of land intermediators or through joint construction with landlords. In addition, project evaluations are carried out for relevant development methods, such as urban renewal, joint development with MRT systems, state-owned land superficies right setting, and BOT, to increase the scale of the Company's development sources.

At present, in consideration of acquisition of raw materials of land, the Company mainly purchases the urban high-quality sections and the land in rezoning areas, supplemented

by the land with complete living functions in the suburbs. in addition to actively participating in the public auction of land by government units and public urban renewal projects through open investment promotion, the Company learns about the location, property rights and quantity of relevant land materials in specific areas through the open space survey method, and actively requests the land intermediators for broking to obtain raw materials of land in due course for the Company's operations.

(IV) Major Suppliers Commanding 10%-plus Share of Annual Order Volume in the Most Recent Two Years

Information of major suppliers in the last 2 years

Unit: NT\$ thousands

Item	2022				2023			
	Name	Amount	Percentage to the total annual net purchases (%)	Relationship with the Issuer	Name	Amount	Percentage to the total annual net purchases (%)	Relationship with the Issuer
1	San-Ching Engineering Co., Ltd.	3,222,474	29.55	Affiliate	San-Ching Engineering Co., Ltd.	3,517,878	35.38	Affiliate
	Others	7,680,993	70.45		Others	6,425,085	64.62	
	Net purchase	10,903,467	100.00		Net purchase	9,942,963	100.00	
Reasons for the change	Fund of project under construction, etc.				Fund of project under construction, etc.			

Information of major customers for the last 2 years

Unit: NT\$ thousands

Item	2022				2023			
	Name	Amount	Percentage to the total annual net sales (%)	Relationship with the Issuer	Name	Amount	Percentage to the total annual net sales (%)	Relationship with the Issuer
1	None				None			
	Others	14,126,629	100.00		Others	6,829,160	100.00	
	Net sales	14,126,629	100.00		Net sales	6,829,160	100.00	
Reasons for the change	None				None			

(V) Production volume in the most recent two fiscal years

Unit: NT\$ thousands

Production Quantity Amount Main Products (Or by department)	Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value

Apartments, shops, buildings, etc.	-	A batch	11,212,557	-	A batch	4,205,593
Lease	-	-	325,727	-	-	332,517
Total	-	A batch	11,538,284	-	A batch	4,538,110

(VI) Sales volume in the most recent two fiscal years

Unit: NT\$ thousands

Sales Year Quantity Amount Main Products (Or by department)	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Apartments, shops, buildings, etc.	507	13,757,825	-	-	223	6,454,013	-	-
Lease	-	368,804	-	-	-	375,147	-	-
Others	-	-	-	-	-	-	-	-
Total	507	14,126,629	-	-	223	6,829,160	-	-

III. Information Regarding Employees in the Most Recent Two Years and as of the Date of Publication of Annual Report

Year		2022	2023	Current fiscal year up to March 30, 2024
Number Of Employees	Staff	160	156	155
	Total	160	156	155
Average Age		42.8	42.27	42.11
Average Service Year		12.54	11.57	11.47
Education	PhD	0%	0%	0%
	Masters	36.9%	35.9%	34.8%
	Bachelor's degree	58.1%	59.6%	61.3%
	Senior high school	5%	4.5%	3.9%
	Below high school	0%	0%	0%

IV. Environmental Protection Expenditure

- (I) The Company is in the construction investment industry but not a building company. We entrust the professional engineering companies in the building industry to be responsible for the building and construction of the houses and do not cause immediate and direct environmental protection problems. The construction industry is prone to producing dust, waste soil and noise which only impact the environment near the construction site during the construction period, and does not cause material pollution to the ecology like the

manufacturing industry. Nonetheless, the Company still attaches great importance to environmental protection, and strongly urges the contractors to pay more attention to the waste soil dumping according to the management method of the building management unit of the government and manages various matters such as waste disposal, construction time and volume control and strictly takes site safety and health measures to meet standards.

- (II) The Company adheres to the care of environmental protection work and implements the goal of environment beautifying and prosperity promotion. In terms of specific actions, the Company establishes the dedicated service units to assist in beautifying and managing the community environment. In the face of the increasing public attention to environmental protection issues, the Company will continue to strengthen its efforts in this direction.
- (III) The Company has adopted the design of green building and energy saving and carbon reduction in the architectural design as much as possible to make efforts to the environmental protection of the earth and also to give building vitality.

V. Labor Relations

(I) Employee Welfare

The Company has always attached great importance to harmonious labor-management relations. In terms of care to the employees, in addition to reasonable treatments and various on-the-job educations, the Company has established the Employees' Welfare Committee to promote employee benefits including subsidies for marriage, childbirth, children, education, birthday, language training, leisure and entertainment, as well as hiking activities, health examination and family day so as to ensure the physical and mental protection of employees. In 2023, the accumulated expenditure on employees' welfare was NT\$24,192 thousand. Each year, the Company actively sponsors cultural and artistic activities. For 2023, the musical play 'Dreamers of Cape No. 7' by the Everybody's Theatre Company was sponsored with NT\$576,000 for our employees to enjoy. Employees are widely encouraged to participate in cultural and artistic events, aiming for support and contribution to local theater companies from the general public.

(II) Advanced studies and training of employees

The implementation of Company's education and training:

In 2023, besides continuing to intensifying the core and management functions such as accountability and cultivation, the Company held the general courses such as real estate overview, etc. to comprehensively increase the basic professional knowledge of colleagues. The total training hours were 2,396 and the total cost was NT\$12,806 thousand.

Course	Course enrollments	Total hours
Professional training	319	1,393
General training	231	463
Function development	66	540
Total	616	2,396

(III) Retirement System and Implementation

After the implementation of the Labor Pension Act, the regulations of pension in the Labor Standard Law applicable to the employees who are employed before July 1, 2005, or the pension system applicable to this Act shall be selected, and the working seniority before the applicable Act shall be retained. For the employees who are employed after July 1, 2005, the pension system of the Labor Pension Act is applicable. After the implementation of the Labor Pension Act, the Labor Retirement Reserves Supervision Committee established by the Company in accordance with the law still operates as usual, and 2% of the total salary of employees is drawn as the retirement reserves according to the regulations of the Labor Standard Law, until the Labor Standard Law is applicable to no employee. For the employees who the Labor Pension Act is applicable to, the funded rate of pension borne by the Company for the employees monthly shall not be lower than 6% of the monthly salary of the employees.

(IV) Labor management agreements and employee rights/interests maintenance

In respect of the maintenance of employee rights/interests, the Company provides retirement allowance, severance pay, and pension for employee pension in addition to various perfect benefit measures, and other measures are clearly stated in the Articles of Incorporation and there are preferential measures for employees to buy house, so as to stabilize and care for the lives of employees.

Important labor agreement: None.

(V) Names and number of employees holding professional licenses

License type	Training Institution	Number of shareholders
Architect	Examination Yuan	5
CPA	Examination Yuan	1
Real estate broker	Examination Yuan	9
Land administration agent	Examination Yuan	5
Appraiser	Examination Yuan	1
Civil engineer	Examination Yuan	1
Geotechnical engineer	Examination Yuan	1
British Royal Chartered Surveyor	Royal Institution of Chartered Surveyors (RICS)	1

(VI) Employee behavior or ethics code

In order to standardize employees to follow the same codes of conduct, the Company makes the Personnel Management Rules in the Articles of Incorporations to define the service codes for employees. It is stipulated that the employees shall follow the laws and

regulations, strictly abide by the discipline, and be devoted to their duties and they shall not engage in improper acquisition or transaction, or make a profit for themselves or others using official post convenience.

The management rules also specify incentives and disincentives to encourage outstanding employees or those who are meritorious to prevent wrongdoing; and to punish those who violate discipline and neglect their duties.

Accordingly, the communication between management and employees is based on consensus, which is beneficial to the promotion of the Company's business and the management of the organization.

(VII) Protective measures for the working environment and personal safety of employees

The Company's office space is designed in accordance with relevant building regulations and labor health and safety regulations. The relevant measures are as follows:

1. According to Article 34 of Occupational Health and Safety Act, the Code of Practice of Health and Safety of the Company is formulated to prevent occupational disasters and ensure the safety and health of employees.
2. Set up key points for emergency relief for employees affected by natural disasters, and assist employees who encounter natural disasters to solve difficulties and overcome difficulties.
3. Formulate the contingency plan for material accidents of the Company, set up a contingency team and take urgent and necessary measures for casualties and material accidents to minimize the injury. The daily safety maintenance and building management are all handled by the building management company in accordance with the management standard specifications formulated by itself. Except for connecting with the police security units, it allocates the security personnel to guard the office space.

In order to protect the work rights and interests of employees, and to ensure the physical and mental health of female colleagues after pregnancy, childbirth and breastfeeding, as well as to prevent employees against unlawful infringements from the behaviors of others due to the performance of their duties, the Company has established "Sexual Harassment Prevention Measures", "Appeal and Punishment, Executive Measures for Maternal Health Protection of Women Workers", "Plan on Prevention of Unlawful Infringement during Performance of Duties", "Plan on Prevention of Sexual Damages Due to Human Factors" and "Plan on Prevention of Diseases caused by Abnormal Workload" to eliminate sexual discrimination and maintain the equal job opportunities for both men and women, prevent the employees from sexual harassment, workplace violence and achieve the purpose of maternal health protection and avoid the work environment in

which the employees will be attacked by illness due to abnormal workload or repetitive operations.

In addition, the Company implements chartered workplace health care services since 2020, based on the concept of protecting labor rights and enhancing labor competitiveness. The services provide professional consultation for employees to promote physical and mental health maintenance, and also identify and evaluate the hazardous factors within the working environment, operations, and organizations that affect the physical and mental health of employees, and put forward plans and recommendations for the improvement of operating environment and sanitation facilities.

(VIII) Corporate responsibility and ethical behavior

Society is the land on which enterprises can grow. The success of a enterprise depends on a stable society. Enterprises should take care of society with practical actions to fulfill social functions and responsibilities. Therefore, since the establishment of the Company, we have adhered to the concept of taking it from the society and using it in society and operating the enterprise for giving back to the society, so that the value of the Company is doubled.

Over the years, the Company has often sponsored various public benefit activities, made donation for disaster relief, and undertaken the social responsibility of corporate citizens. In 1982, we established Cathay Cultural Foundation which has long held cultural and educational activities, passed on local culture, and subsidized the disadvantaged. We also set up 9 libraries in Taiwan to hold cultural activities. Foundation has sponsored the Cathay Excellence Awards Plan, Teach For Taiwan and other activities and hopes to continue to sponsor education and learning to cultivate young people for the future. We support the public benefit in the long term and assist in holding new resident care activities, summer blood donation, children's growth camp, Christmas warming and other activities to give back to the society with action.

1. Lin Yuan Libraries

Cathay Cultural Foundation has set up 9 libraries in Taiwan. The internal open area is more than 500 m², and each library has more than 2,000 books. Various newspapers and magazines can be subscribed and free teaching activities are held regularly to provide a good reading environment for the public to freely learn and live in deep culture and promote neighborhood friendship and community harmony.

2. Joint activities of public benefit group

(1) After-school Care Program

The Cathay Charity Group collaborates with the Chungwen Women's Association of Yunlin County, the Little Grass Reading Room in Sanxia, and the Hualien Love Fly Association to offer after-school care programs in order to strengthen the social safety net, with an emphasis on vulnerable children and families. The principal beneficiaries are single-parent families, new immigrant families, skip-generation families, and indigenous families. Through diverse learning experiences, children encouraged to discover their self-worth, foster self-confidence, and embrace a hopeful future, embarking on a path towards a brilliant life.

(2) Summer Blood Donation Activities

From the beginning of May to the end of September, Cathay Charity Group held hundreds of blood donation events across Taiwan and donated a total of 70,168 bags of blood with 46,046 people participated. Over the 23 consecutive years, 559,991 bags of blood have been collected. We aim to lead the prevailing blood donation benevolences.

(3) The Cathay Children's Dream Project

Cathay Charity Group launched the Dream Realization Program, sponsoring the construction of dreams in remote schools. The content of the Dream Realization Program is unlimited, with the main focus on setting goals and taking on challenges wholeheartedly. It aims to instill in students the belief of not fearing setbacks and challenges and hopes that the students' efforts will connect and revitalize local community development, reaching the value of sustainable development for both schools and communities.

(4) Christmas Warming

Cathay Charity Group has long been caring for the children, the elder and the next generation of indigenous peoples and collected love supplies from December to January and sent them to the by-places, continuously providing warmth and support in every corner in winter.

3. Activities related to talent teaching

Hold indoor teaching activities to provide people with the opportunities to learn various talents and skills, discover pleasure in new life, and harmonize neighborhoods by learning and interacting. Teach through lively activities, cultivate second expertise, and enrich daily life.

4. Sponsorship Activities

(1) Cathay Excellence Awards Plan

Cathay Excellence Awards Plan rewards two types of outstanding students: the first type, "Characteristic Grant" is for the youth who are keen on public welfare action, and the second type, "Outstanding Student" is for the high school students from poor families with excellent performance.

(2) Teach For Taiwan (TFT) Cooperation Scheme

"Caring for children in rural areas" is one of the Cathay Charity Group's strategies. In order to effectively extend the influence of public welfare, the group supports TFT to recruit and train teachers for rural areas and encourages young talents to step into the classroom to create an equal and high-quality educational environment for children in rural areas, flip education, and improve the quality of education in rural areas.

5. Supporting the Cultural Development in Taiwan through Investing Resources

The Company actively participates in cultural and creative investments, seeking to drive the overall development of the sector while also fulfilling corporate social responsibility. With a total of approximately NT\$3,334,000 invested in 2023 to support the development of local artists, domestic publishing, and cultural and creative industries, resources were invested in outdoor public artworks for construction projects, art installations in public spaces, books and journals, and so on. For example, Cathay Nangang Kunyang Building's outdoor public artwork "Sound Beyond the String", public space installations "Ripples/Partners", "Blossom", and "Ordinary Happiness" by artist Chen Li-Hsing in Cathay Mega+, and the collaboration with Chengbang "Bookworm" to provide communities with abundance of books and publications. Through actively cooperating with government policies, the Company aims to promote Taiwan's cultural and creative industries globally.

- (IX) The current and future possible estimate amount for the losses caused by labor management disputes as of the date of publication of the annual report and the corresponding measures:

In the most recent two years, the Company has not suffered losses due to labor management disputes. Based on the concept that employees and employers are coexisting, the Company will work harder to maintain the harmony of labor management relations and hope to promote the unity and harmony of the whole society to create a glorious future.

VI. Information Security Management

- (I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.:

1. Information security framework and policy:

- (1) Target: All employees of the Company and other partners and outsourced companies who have access to the Company's business-related information.
- (2) Scope: All information assets of the Company, or other information assets that are not actually owned by the Company, but can be used by the Company based on the obligations under contracts, laws and regulations.

2. Information security risk framework

The company has set up an information security officer to comprehensively manage information security policy promotion and resource scheduling. The dedicated security unit is responsible for information security-related work, including regularly amending the "Information Security Policy" and an "Information Security Management Review Committee" meeting is convened annually when deemed necessary according to the situation each year, to ensure that the Company and customers' confidential information is not leaked and the Company's business operates in a sustainable manner.

The audit department will include the "Information Security Inspection Operation" in the annual audit plan to conduct audit operations. The audited units are required to make improvements and follow up on the deficiencies identified during the inspection in order to ensure that the Company's information security policy is adequately implemented.

3. The goals of information security policy

The goals include establishing a secure and reliable information operating environment, ensuring the confidentiality, integrity and availability of information assets, and enhancing employees' awareness of information security in order to safeguard the interests of employees, customers and the Company.

4. Specific management plan:

Item	Specific actions
Computer room security management	Perform host and external website vulnerability scanning from time to time and make improvement.
Device security management	1. Employees are required to change passwords periodically. 2. Install anti-virus software on personal computers and check for virus code updates regularly. 3. Import IT resource management system, including

	<p>software security management, peripheral device security management and file directory monitoring and management, transfer USB file list every day, and check whether the Company's computers have installed high-risk software on a monthly basis.</p> <p>4. APT continuous penetration attack protection software is introduced to detect abnormal host usage and block it.</p> <p>5. Use protective software to filter websites that users visit to reduce the chance of browsing ransomware, Trojan viruses or other web pages with malicious programs.</p> <p>6. Procure the Mail APT module to reduce the likelihood of social engineering attacks.</p>
Continuous improvement	<p>1. Conduct social engineering drills and information security trainings for all employees on a regular basis to enhance their awareness of information security.</p> <p>2. Join TWCERT to understand recent important domestic cybersecurity issues and enhance cybersecurity protection capabilities.</p>
System disaster drill	Conduct regular core system disaster simulation drills and reviews.
Internal and external audit	The Company performs internal audit twice a year and engage with accounting firm for external audit at least once a year on information security policy, organization and responsibilities, asset classification control, personnel management and education and training, physical and security environment management, computer system security management, internet security management, system access control, etc.

5. Implementation status of information security promotion in 2023

- (1) The Company completed the implementation of the Information Security Management System (ISMS) in June, and passed the ISO 27001 certification on September 7th, with the certificate validity until October 2025.
- (2) APT continuous penetration attack protection software is introduced to detect abnormal host usage and block it.
- (3) Procure Mail APT protection to reduce the probability of social engineering email attacks.

- (II) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: None.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
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Engineering Contract	San-Ching Engineering Co., Ltd.	2023.01.17-2025.10.30	No. 569, Meihe Section, Beitun District, Taichung City, and 1 other lot.	None
	San-Ching Engineering Co., Ltd.	2023.08.09-2026.09.05	No. 102, Sec. 1, Fuduquan Segment, Xinzhuang District, New Taipei City, a total of 3 parcels.	None
	San-Ching Engineering Co., Ltd.	2023.08.09-2026.11.17	No. 241, Changdi Section, Yonghe District, New Taipei City, etc., a total of 7 lots.	None
	San-Ching Engineering Co., Ltd.	2023.08.09-2026.07.31	No.2 Sec. 5, Dunhua Section Songshan District Taipei City, a total of 4 lots.	None
	Jiushun Construction Co., Ltd.	2024.02.07-2027.06.30	No. 61 Sec. 5. Tanmei Section, Neihu District Taipei City, a total of 1 lot.	None
Real estate Trading	Natural person	2023.07.07	Obtain a construction land contract in Changming Section, Nantun District, Taichung City.	None
	Natural person	2023.09.08	Obtain the construction land contract for the Beiyuan Section in Beitun District, Tainan City.	None
	Public Works Department, Department of New Construction, Taipei City Government	2023.10.06	Disposing of 81 plots of public facility reserved land in 9 administrative districts including Zhongshan District, Taipei City.	None
	Chi Nan Industrial Co., Ltd.	2023.12.15	To obtain a joint construction contract for the land in the Wanhe Section, Sanmin District, Kaohsiung City.	None
	Xie Cheng International Co., Ltd. and 5 natural persons	2024.2.17	Obtained the construction contract for DonFung Section, Beitun District, Taichung City.	None
	Kindom Construction Corp.& 10 natural persons	2024.3.29	Obtained a construction contract for 1th subscetion of sub-city center in Xinzhuang District, New Taipei City	None

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years

(I) Condensed Balance Sheet

1. Based on International Financial Reporting Standards (Parent Company Only)

Unit: NT\$ thousands

Year		Financial information in the most recent five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current Assets		\$31,458,872	\$32,632,135	\$40,597,127	\$44,592,511	\$47,289,640
Property, Plant, and Equipment		72,394	62,785	59,501	103,550	91,738
Intangible Assets		1,533	2,980	4,641	5,223	4,774
Other Assets		16,082,198	16,414,808	16,657,248	19,809,674	19,424,573
Total Assets		47,614,997	49,112,708	57,318,517	64,510,958	66,810,725
Current Liabilities	Before distribution	18,172,212	19,240,553	20,950,541	25,433,475	27,894,851
	After distribution	19,331,773	20,400,114	21,646,278	26,013,256	(Note 2)
Non-current Liabilities		5,064,693	5,416,931	10,930,364	14,475,230	12,606,529
Total Liabilities	Before distribution	23,236,905	24,657,484	31,880,905	39,908,705	40,501,380
	After distribution	24,396,466	25,817,045	32,576,642	40,488,486	(Note 2)
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		31,628	39,515	38,846	65,262	118,406
Retained earnings	Before distribution	12,311,946	12,646,352	12,334,330	12,719,288	14,159,997
	After distribution	11,152,385	11,486,791	11,638,593	12,139,507	(Note 2)
Other Equity		438,907	173,746	1,468,825	222,092	435,331
Treasury Stock		0	0	0	0	0
Total Equity	Before distribution	24,378,092	24,455,224	25,437,612	24,602,253	26,309,345
	After distribution	23,218,531	23,295,663	24,741,875	24,022,472	(Note 2)

Note 1. Financial statements of the Company in 2019 to 2023 has been audited by the CPAs. No relevant information in Q1, 2024.

Note 2. The distribution of earnings for 2023 has not yet been approved by the Shareholders' Meeting.

Note 3. The Company did not conduct any revaluation of assets in 2019 to 2022. Asset revaluation appreciation amount in the fourth quarter of 2023 was \$3,706 thousands.

2. Based on International Financial Reporting Standards (Consolidated)

Unit: NT\$ thousands

Year Item		Financial information in the most recent five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		\$32,654,308	\$36,552,869	\$45,585,340	\$57,455,519	\$59,607,009
Property, Plant, and Equipment		4,614,222	5,197,866	4,764,306	4,739,779	4,559,240
Intangible Assets		24,210	33,407	37,564	47,298	51,271
Other Assets		16,443,390	17,712,786	17,848,936	17,846,501	17,804,236
Total Assets		53,736,130	59,496,928	68,236,146	80,089,097	82,021,756
Current Liabilities	Before distribution	19,819,000	23,158,275	25,140,307	30,554,451	32,209,240
	After distribution	20,978,561	24,317,836	25,836,044	31,134,232	(Note 2)
Non-current Liabilities		9,435,080	10,939,525	16,761,004	22,776,711	21,280,266
Total Liabilities	Before distribution	29,254,080	34,097,800	41,901,311	53,331,162	53,489,506
	After distribution	30,413,641	35,257,361	42,597,048	53,910,943	(Note 2)
Equity Attributable to Owners of the Parent		24,378,092	24,455,224	25,437,612	24,602,253	26,309,345
Ordinary share capital		11,595,611	11,595,611	11,595,611	11,595,611	11,595,611
Capital reserve		31,628	39,515	38,846	65,262	118,406
Retained earnings	Before distribution	12,311,946	12,646,352	12,334,330	12,719,288	14,159,997
	After distribution	11,152,385	11,486,791	11,638,593	12,139,507	(Note 2)
Other Equity		438,907	173,746	1,468,825	222,092	435,331
Treasury Stock		0	0	0	0	0
Non-controlling Interests		103,958	943,904	897,223	2,155,682	2,222,905
Total Equity	Before distribution	24,482,050	25,399,128	26,334,835	26,757,935	28,532,250
	After distribution	23,322,489	24,239,567	25,639,098	26,178,154	(Note 2)

Note 1. Financial statements of the Company in 2019 to 2023 were audited. Financial information in 2024 Q1 has not yet been reviewed by CPAs.

Note 2. The distribution of earnings for 2023 has not yet been approved by the Shareholders' Meeting.

Note 3. The Company did not conduct any revaluation of assets in 2019 to 2022. Asset revaluation appreciation amount in the fourth quarter of 2023 was \$3,706 thousands.

(II) Condensed Statement of Comprehensive Income

1. Based on International Financial Reporting Standards (Parent Company Only)

Unit: NT\$ Thousands (earnings per share: NT\$)

Year Item	Financial information in the most recent five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	\$9,736,609	\$13,336,228	\$9,833,582	\$14,126,629	\$6,829,160
Gross Profit	2,327,639	2,846,023	2,395,255	2,588,345	2,291,050
Operating Income	1,400,160	1,852,477	1,445,019	1,259,379	1,683,212
Non-operating Income and Expenses	104,527	(204,241)	(521,151)	67,311	556,998
Income before Tax	1,504,687	1,648,236	923,868	1,326,690	2,240,210
Income from Continuing Operations	1,370,505	1,483,980	847,539	1,207,749	2,164,437
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,370,505	1,483,980	847,539	1,207,749	2,164,437
Other Comprehensive Income	362,084	(255,174)	1,295,079	(1,373,787)	213,239
Total Comprehensive Income	1,732,589	1,228,806	2,142,618	(166,038)	2,377,676
Earnings per Share	1.18	1.28	0.73	1.04	1.87

Note 1. Financial statements of the Company in 2019 to 2023 has been audited by the CPAs. No relevant information in Q1, 2024.

2. Based on International Financial Reporting Standards (Consolidated)

Unit: Thousands NT\$ (earnings per share: NT\$)

Item \ Year	Financial information in the most recent five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	\$11,623,928	\$13,973,611	\$12,476,018	\$16,791,732	\$15,480,974
Gross Profit	3,162,589	3,158,762	2,720,434	3,779,054	4,360,714
Operating Income	1,499,287	1,551,329	875,690	1,475,800	2,572,562
Non-operating Income and Expenses	71,051	133,955	53,201	211,850	(97,342)
Income before Tax	1,570,338	1,685,284	928,891	1,687,650	2,475,220
Income from Continuing Operations	1,400,358	1,516,787	843,500	1,300,342	2,219,985
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,400,358	1,516,787	843,500	1,300,342	2,219,985
Other Comprehensive Income (after Tax)	331,893	(256,312)	1,294,405	(1,372,068)	213,236
Total Comprehensive Income	1,732,251	1,260,475	2,137,905	(71,726)	2,433,221
Net Income Attributable to Shareholders of the Parent	1,370,505	1,483,980	847,539	1,207,749	2,164,437
Net Income Attributable to Non-controlling Interests	29,853	32,807	(4,039)	92,593	55,548
Comprehensive Income Attributable to Owners of the Parent	1,732,589	1,228,806	2,142,618	(166,038)	2,377,676
Comprehensive Income Attributable to Non-controlling Interests	(338)	31,669	(4,713)	94,312	55,545
Earnings per Share	1.18	1.28	0.73	1.04	1.87

Note 1. Financial statements of the Company in 2019 to 2023 has been audited by the CPAs. Financial information in 2024 Q1 has not yet been reviewed by CPAs.

(III) CPAs' Names and Opinions

Year	Accounting firm	CPA	Audit Opinion
2019	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Unqualified opinion
2020	Ernst & Young	Hsu, Jung-Huang, Huang, Chien-Tse	Unqualified opinion
2021	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting (Note 1)	Unqualified opinion
2022	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting	Unqualified opinions with other matters included
2023	Ernst & Young	Hsu, Jung-Huang, Ma Chun-Ting	Unqualified opinions with other matters included

Note 1. In 2021, due to the internal regularization of employment of the firm, the CPA was changed from Huang, Chien-Tse to Ma Chun-Ting.

II. Financial Analysis for The Most Recent Five Years

(I) Based on International Financial Reporting Standards (Parent Company Only)

Analysis Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Finance structure (%)	Debt ratio	48.80	50.21	55.62	61.86	60.62
	Ratio of long-term capital to property, plant, and equipment	40,670.08	47,578.67	61,121.28	37,737.64	42,420.71
Solvency (%)	Current ratio	173.12	169.60	193.78	175.33	169.53
	Quick ratio	27.07	28.19	31.06	42.23	28.61
	Interest coverage ratio	7.23	8.76	5.23	3.85	3.80
Operating performance	Accounts receivable turnover rate (times)	55.97	72.65	44.00	129.60	18.05
	Average days for cash receipts	6.52	5.02	8.29	2.81	20.22
	Inventory turnover rate (times)	0.28	0.39	0.24	0.34	0.12
	Accounts payable turnover rate (times)	7.92	11.90	8.16	10.08	2.37
	Average days for sale of goods	1,303.57	935.89	1,520.83	1,073.52	3,041.66
	Property, plant, and equipment turnover rate (times)	140.09	197.31	160.83	173.28	69.94
	Total assets turnover rate (times)	0.21	0.28	0.18	0.23	0.10
Profitability	Return on Assets (ROA) (%)	2.92	3.19	1.72	2.19	3.60
	Return on equity (%)	5.54	6.08	3.40	4.83	8.50
	Ratio of income before tax to paid-in capital (%)	12.98	14.21	7.97	11.44	19.32
	Net profit margin (%)	14.08	11.13	8.62	8.55	31.69
	Earnings per share (NT\$)	1.18	1.28	0.73	1.04	1.87
Cash flow (%)	Cash flow ratio	7.99	12.99	(20.33)	9.78	(8.85)
	Cash flow adequacy ratio	113.43	134.77	40.61	38.82	23.98

	Cash reinvestment ratio	(5.41)	7.06	(21.19)	6.35	(10.77)
Leverage	Operating leverage	1.23	1.22	1.27	1.39	1.22
	Financial leverage	1.01	1.04	1.06	1.15	1.17

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Quick ratio decreased by 32%: Due to an increase in inventory and prepaid expenses.
2. Accounts receivable turnover decreased by 86%: Due to a decrease in operating revenue.
3. The average number of days to collect cash increased by 620%: Due to a decrease in accounts receivable turnover ratio.
4. Inventory turnover ratio decreased by 65%: Due to a decrease in cost of goods sold.
5. Accounts payable turnover rate decreased by 76%: Due to the decrease in cost of goods sold.
6. Average days sales outstanding increased by 183%: Due to a decrease in inventory turnover rate.
7. Turnover rate of non-current assets, property, plant and equipment decreased by 60%: Due to the decrease in operating revenue.
8. Total asset turnover rate decreased by 57%: Due to a decrease in operating revenue.
9. Return on assets increased by 64%: Due to the increase in net profit after tax.
10. Return on equity increased 76%: Due to an increase in net profit after tax.
11. Ratio of pretax net profit to paid-in capital increased by 69%: Due to an increase in pretax net profit.
12. Net profit margin increased by 271%: Due to an increase in net profit after tax.
13. Earnings per share increased by 80%: Due to an increase in net profit after tax.
14. Cash flow ratio decreased by 190%: Due to the operating cash flow turning into an outflow.
15. Appropriate cash flow ratio decreased by 38%: Due to the decrease in net cash flow from operating activities in the recent five years.
16. Cash reinvestment ratio decreased by 270%: Due to the outflow of operating cash flow.

Note 1. No relevant information in Q1, 2024.

1. Financial structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities)/Net Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Current Asset / Current Liability.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities

(3) Interest Coverage Ratio = Net Profit before Tax and Interest/Interest Expenses.

3. Operating ability

(1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from the operation) for each period.

(2) Average cash collection days = 365 / Turnover rate of receivables.

(3) Inventory Turnover Rate = Cost of Sales/Average Inventory.

- (4) Turnover rate of payables (including accounts payable and notes payable arising from the operation) = Selling cost / Average balance of payables (including accounts payable and notes payable arising from the operation) for each period.
- (5) Average Days for Sale = 365/Inventory Turnover Rate.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total Asset Turnover Rate = Net Sales/Average Total Assets.

4. Profitability

- (1) Return on assets = [Net income + Interest expenses \times (1-Tax rate)] / Average total assets.
- (2) Return on equity = Net income / Average total equity.
- (3) Net profit ratio = After-tax profit or loss / Net sales.
- (4) Earnings per share = (net gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding.

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operations / Current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow for business activities in the 5 most recent years / (capital expenditure + inventory increase + cash dividends) for the 5 most recent years.
- (3) Cash re-investment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross amount of real estate, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage

- (1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit.
- (2) Financial leverage = Operating interest / (Operating interest - Interest expense).

(II) Based on International Financial Reporting Standards (Consolidated)

Analysis Item \ Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Finance structure (%)	Debt ratio	54.44	57.31	61.41	66.59	65.21
	Ratio of long-term capital to property, plant, and equipment	735.06	699.11	904.56	1,045.08	1,092.56
Solvency (%)	Current ratio	164.76	157.84	181.32	188.04	185.06
	Quick ratio	28.53	30.71	36.21	51.45	34.26
	Interest coverage ratio	5.02	5.54	3.16	3.12	3.17
Operating performance	Accounts receivable turnover rate (times)	29.33	34.49	25.00	33.25	16.89
	Average days for cash receipts	12.44	10.58	14.60	10.97	21.61
	Inventory turnover rate (times)	0.32	0.39	0.30	0.34	0.25
	Accounts payable turnover rate (times)	8.39	10.76	8.62	10.42	6.32
	Average days for sale of goods	1,140.62	935.89	1,216.66	1,073.52	1,460.00
	Property, plant, and equipment turnover rate (times)	3.59	2.85	2.50	3.53	3.33
	Total assets turnover rate (times)	0.23	0.25	0.20	0.23	0.19
Profitability	Return on Assets (ROA) (%)	2.95	2.99	1.64	2.19	3.18
	Return on equity (%)	5.62	6.08	3.26	4.90	8.03
	Ratio of income before tax to paid-in capital (%)	13.54	14.53	8.01	14.55	21.35
	Net profit margin (%)	12.05	10.85	6.76	7.74	14.34
	Earnings per share (NT\$)	1.18	1.28	0.73	1.04	1.87
Cash flow (%)	Cash flow ratio	11.52	7.78	(14.66)	(1.77)	(6.09)
	Cash flow adequacy ratio	64.32	61.88	27.52	27.27	13.90
	Cash reinvestment ratio	(0.69)	2.68	(15.59)	(3.24)	(6.61)
Leverage	Operating leverage	1.68	1.64	2.33	1.95	1.57
	Financial leverage	1.10	1.17	1.40	1.38	1.21

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Quick ratio decreased by 33%: Due to an increase in inventory and current liabilities.
2. Accounts receivable turnover rate decreased by 49%: Due to a decrease in operating revenue.
3. Average number of days for cash collection increased by 97%: Due to a decrease in the accounts receivable turnover rate.
4. Inventory turnover ratio decreased by 26%: Due to a decrease in cost of goods sold.
5. Payables turnover ratio decreased by 39%: Due to a decrease in cost of goods sold.
6. Average days sales outstanding increased by 36%: Due to a decrease in inventory turnover.
7. Return on assets increased by 45%: Due to an increase in net profit after tax.

8. Return on equity increased by 64%: Due to an increase in net profit after tax.
9. Pre-tax net profit as a percentage of paid-in capital increased by 47%: Due to an increase in pre-tax net profit.
10. Profit margin increased by 85%: Due to an increase in net profit after tax.
11. Earnings per share increased by 80%: Due to an increase in net profit after tax.
12. Cash flow ratio decreased by 244%: Due to an increase in cash outflows from operating activities.
13. Cash flow adequacy ratio decreased by 49%: Due to the decrease in net cash flows from operating activities in the recent five years.
14. Cash reinvestment ratio decreased by 104%: Due to an increase in cash outflows from operating activities.

Note 1. Financial information in 2024 Q1 has not yet been reviewed by CPAs.

1. Financial structure

- (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
- (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities)/Net Property, Plant and Equipment.

2. Solvency

- (1) Current Ratio = Current Asset / Current Liability.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Interest Coverage Ratio = Net Profit before Tax and Interest/Interest Expenses.

3. Operating ability

- (1) Turnover rate of receivables (including accounts receivable and notes receivable arising from the operation) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from the operation) for each period.
- (2) Average cash collection days = 365 / Turnover rate of receivables.
- (3) Inventory Turnover Rate = Cost of Sales/Average Inventory.
- (4) Turnover rate of payables (including accounts payable and notes payable arising from the operation) = Selling cost / Average balance of payables (including accounts payable and notes payable arising from the operation) for each period.
- (5) Average Days for Sale = 365/Inventory Turnover Rate.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total Asset Turnover Rate = Net Sales/Average Total Assets.

4. Profitability

- (1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets.

- (2) $\text{Return on equity} = \text{Net income} / \text{Average total equity}.$
- (3) $\text{Net profit ratio} = \text{After-tax profit or loss} / \text{Net sales}.$
- (4) $\text{Earnings per share} = (\text{net gain or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average number of shares outstanding}.$

5. Cash flow

- (1) $\text{Cash flow ratio} = \text{Net cash flow from operations} / \text{Current liabilities}.$
- (2) $\text{Net cash flow adequacy ratio} = \text{Net cash flow for business activities in the 5 most recent years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividends}) \text{ for the 5 most recent years}.$
- (3) $\text{Cash re-investment ratio} = (\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross amount of real estate, plant and equipment} + \text{Long-term investments} + \text{Other non-current assets} + \text{Working capital}).$

6. Leverage

- (1) $\text{Operating leverage} = (\text{Net operating income} - \text{Variable operating costs and expenses}) / \text{Operating profit}.$
- (2) $\text{Financial leverage} = \text{Operating interest} / (\text{Operating interest} - \text{Interest expense}).$

III. Audit Committee's Audit Report of the Most Recent Annual Financial Report

Audit Committee's Review Report

The Board of Directors prepared the Company's 2023 annual Business Report, Financial Statements (including consolidated financial statements), and an earnings distribution proposal, among which the Financial Statements (including consolidated financial statements) have been audited by Jung-Huang, Hsu and Chun-Ting, Ma CPAs at Ernst & Young, by whom an audit report has been issued.

The above mentioned reports and statements produced and submitted by the Board of Directors have been audited by the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and there is no inconformity. Meanwhile, the report has been prepared as required. Please check and approve.

Sincerely

Cathay Real Estate Corporation

Audit Committee

Convener: James Y. Chang

April 29, 2024

IV. Parent Company only Financial Report Audited and Certified by CPAs in the Most Recent Year

2501

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Financial Statements Report of

Independent Auditors

For the year ended December 31, 2023

and December 31, 2022

Notice to Readers

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To Cathay Real Estate Development Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Cathay Real Estate Development Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter) the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Cathay Real Estate Development Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company is primarily engaged in entrusting construction company in construction and planning of public housing and commercial offices for sale and rental. Since the company's sales revenue is classified as operating revenue based on sale of goods, the relevant profit and loss are recognized when the ownership transferred. Due to the significance of the real estate sales revenue in the parent company only financial statements, with respect to a significant proportion within operating revenue, and need to judge and determine performance obligation and the timing of satisfaction, the real estate sales revenue is determined to be a key audit matter.

The audit procedures we performed regarding real estate sales revenue recognition included but not limited to: evaluate the appropriateness of the real estate sales revenue recognition policies; realize the transaction process and perform the tests of control on the effectiveness of control points during internal control audit; select samples to perform transaction test of details and verify major clauses and conditions in the construction contract; review the transaction conditions and confirm the appropriateness of the timing the performance obligation is recognized.

We also assess whether the Company properly disclosed information relating the real estate sales revenue in the financial statement. Please refer Note 4 and Note 6.

Valuation of Construction Land

The construction land of the Company shall be measured at the lower of cost and net realized value, and the net realizable value of the construction land is determined based on the management's judgement and estimation. Due to the significance of construction land in the parent company only financial statements, the valuation of construction land is determined to be a key audit matter.

The audit procedures we performed regarding construction land valuation included but not limited to: evaluate the appropriateness of the construction land accounting policies; realize the transaction process and perform tests of control on the effectiveness of control points during internal control audit; select samples to analyze the management valuation process and the key valuation parameters, and evaluate the reasonableness on the basis of working paper and relevant documentation corresponding to construction land valuation which included in inventories.

We also assess whether the Company properly disclosed information relating the construction land valuation in the financial statement. Please refer Notes 4, 5 and 6.

Other Matter—Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for using the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. As of December 31, 2023 and 2022, these associates and joint ventures under equity method amounted to NT\$1,609,243 thousand and NT\$1,533,972 thousand, respectively, representing 2.41% and 2.38% of the total assets, respectively. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$40,535 thousand and NT\$14,128 thousand, respectively, representing 1.81% and 1.06% of the income before tax, respectively, for the years ended December 31, 2023 and 2022.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 internal control of the Company.
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 ability to continue as a going concern of Cathay Real Estate Development Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's report. However, future events or conditions may cause Cathay Real Estate Development Co., Ltd. to cease to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Cathay Real Estate Development Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only 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 Company to express an opinion on the parent company only 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.

Others

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsu, Jung Huang

Ma, Chun Ting

Ernst & Young, Taiwan

March 14, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4, 6 (1) & 7	\$3,110,974	5	\$7,089,816	11
1120	Financial assets at fair value through other comprehensive income—current	4 & 6 (2)	2,926,542	4	2,558,725	4
1150	Notes receivable, net	4 & 6 (3), (19)	21,913	-	37,966	-
1170	Accounts receivable, net	4 & 6 (4), (19)	691,127	1	4,071	-
1180	Accounts receivable-related parties, net	4, 6 (4), (19) & 7	320	-	1,465	-
1200	Other receivables	7	2,439	-	11,163	-
130x	Inventories	4, 6 (5), 7 & 8	39,180,977	59	33,776,123	52
1410	Prepayments		127,916	-	75,081	-
1470	Other non-current assets		30,526	-	27,401	-
1480	Incremental costs of obtaining contracts-current	4 & 6 (5), (18)	1,196,906	2	1,010,700	2
11xx	Total current assets		47,289,640	71	44,592,511	69
	Non-currents Assets					
1517	Financial assets at fair value through other comprehensive income—non-current	4 & 6 (2)	493,512	1	647,654	1
1550	Investments accounted for using equity method	4, 6 (6), (26) & 7	7,347,224	11	7,057,852	11
1600	Property, plant and equipment	4, 6 (7), 7 & 8	91,738	-	103,550	-
1755	Right-of-use assets	4, 6 (20) & 7	31,817	-	22,650	-
1760	Investment properties, net	4 & 6 (8)	10,320,232	15	10,539,484	16
1780	Intangible assets	4 & 6 (9)	4,774	-	5,223	-
1840	Deferred tax assets	4 & 6 (24)	369,310	1	373,209	1
1900	Other non-currents assets	6 (10) & 7	862,478	1	1,168,825	2
15xx	Total non-current assets		19,521,085	29	19,918,447	31
1xxx	Total assets		\$66,810,725	100	\$64,510,958	100

(The accompanying notes are an integral part of these parent company only financial statements)

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets (continued)

As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Items	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4, 6 (11) & 7	\$9,825,000	15	\$11,800,000	18
2110	Short-term notes payable	4 & 6 (12)	1,498,104	2	1,994,580	3
2130	Contract liabilities - current	4 & 6 (18)	6,202,748	9	5,500,109	9
2150	Notes payable		8,639	-	41,609	-
2170	Accounts payable		1,005,586	2	731,476	1
2180	Accounts payable-related parties	7	1,375,404	2	659,476	1
2200	Other payables		210,702	-	465,984	1
2230	Current tax liabilities	4	77,851	-	42,032	-
2280	Lease liabilities-current	4, 6 (20) & 7	20,968	-	15,247	-
2300	Other current liabilities		89,849	-	32,962	-
2320	Long-term loans-current portion	4 & 6 (13)	7,580,000	12	4,150,000	7
21xx	Total current liabilities		27,894,851	42	25,433,475	40
	Non-current liabilities					
2540	Long-term loans	4 & 6 (13)	12,380,241	19	14,271,550	22
2570	Deferred tax liabilities	4 & 6 (24)	10,049	-	10,049	-
2580	Lease liabilities-non-current	4, 6 (20) & 7	10,666	-	6,546	-
2600	Other non-current liabilities	6 (14) & 7	205,573	-	187,085	-
25xx	Total non-current liabilities		12,606,529	19	14,475,230	22
2xxx	Total liabilities		40,501,380	61	39,908,705	62
	Equity	4				
3100	Share capital					
3110	Common stock	6 (15)	11,595,611	17	11,595,611	18
3200	Capital surplus	6 (16)	118,406	-	65,262	-
3300	Retained earnings	6 (17)				
3310	Legal capital reserve		4,831,727	7	4,723,658	7
3320	Special capital reserve		504,189	1	504,189	1
3350	Undistributed earnings		8,824,081	13	7,491,441	12
	Total retained earnings		14,159,997	21	12,719,288	20
3400	Other equity		435,331	1	222,092	-
3xxx	Total equity		26,309,345	39	24,602,253	38
	Total Liabilities and Equity		\$66,810,725	100	\$64,510,958	100

(The accompanying notes are an integral part of these parent company only financial statements)

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6 (8), (18), (20) & 7	\$6,829,160	100	\$14,126,629	100
5000	Operating costs	4, 6 (5), (8), (9), (14), (20), (21)& 7	(4,538,110)	(66)	(11,538,284)	(82)
5900	Gross margin		2,291,050	34	2,588,345	18
5910	Unrealized sales profit		-	-	(56,202)	-
5920	Realized sales profit		41	-	41	-
5950	Gross margin, net		2,291,091	34	2,532,184	18
6000	Operating expenses	4, 6 (8), (9), (14), (20), (21)& 7				
6200	Administrative expenses		(607,880)	(9)	(1,272,805)	(9)
6450	Expected credit profit (loss)	4 & 6 (19)	1	-	-	-
	Total operating expenses		(607,879)	(9)	(1,272,805)	(9)
6900	Operating income		1,683,212	25	1,259,379	9
7000	Non-operating income and expenses	4, 6 (22) & 7				
7100	Interest income		34,278	1	11,550	-
7010	Other revenue		133,080	2	619,119	5
7020	Other gains and losses		(51,530)	(1)	3,535	-
7050	Finance costs	7	(249,250)	(4)	(161,604)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4 & 6 (6)	690,420	10	(405,289)	(3)
	Total non-operating income and expenses		556,998	8	67,311	1
7900	Income before Income tax		2,240,210	33	1,326,690	10
7950	Income tax expense	4 & 6 (24)	(75,773)	(1)	(118,941)	(1)
8200	Net income		2,164,437	32	1,207,749	9
8300	Other comprehensive income	6 (23), (24)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		(421)	-	(5,322)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		213,675	3	(1,355,894)	(10)
8330	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method		(180)	-	(14,067)	-
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		84	-	1,064	-
8360	To be reclassified to profit or loss in subsequent periods					
8380	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method		81	-	432	-
	Other comprehensive (losses) income, net of tax		213,239	3	(1,373,787)	(10)
8500	Total comprehensive income (loss)		\$2,377,676	35	\$(166,038)	(1)
	Earnings Per Share (In dollars)	6 (25)	After tax		After tax	
9750	Basic earnings per share		\$1.87		\$1.04	
9850	Diluted earnings per share		\$1.87		\$1.04	

(The accompanying notes are an integral part of these parent company only financial statements)

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD.
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Code	Item	Capital stock	Capital surplus	Retained earnings			Other Equity				Total Equity
				Legal Capital Reserve	Special capital reserve	Unappropriated Retained Earnings	Exchange differences resulting from translating the financial statements of a foreign operation	Unrealized (Losses) Gains from Financial Assets at Fair Value through Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Revaluation Surplus for Property	
		3100	3200	3310	3320	3350	3410	3420	3445	3460	3XXX
A1	Balance as of January 1, 2022	\$11,595,611	\$38,846	\$4,638,904	\$504,189	\$7,191,237	\$-	\$1,451,654	\$17,171	\$-	\$25,437,612
B1	Appropriation and distribution of earnings for the year 2021										
B1	Legal Capital Reserve	-	-	84,754	-	(84,754)	-	-	-	-	-
B5	Cash dividend of common stock	-	-	-	-	(695,737)	-	-	-	-	(695,737)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	16,452	-	-	-	-	-	-	-	16,452
C17	Changes in other capital surplus	-	9,702	-	-	-	-	-	-	-	9,702
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,207,749	-	-	-	-	1,207,749
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	-	432	(1,354,056)	(20,163)	-	(1,373,787)
D5	Total comprehensive income (loss)	-	-	-	-	1,207,749	432	(1,354,056)	(20,163)	-	(166,038)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	262	-	-	-	-	-	-	-	262
Q1	Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	(127,054)	-	127,054	-	-	-
Z1	Balance as of December 31, 2022	11,595,611	65,262	4,723,658	504,189	7,491,441	432	224,652	(2,992)	-	24,602,253
B1	Appropriation and distribution of earnings for the year 2022										
B1	Legal Capital Reserve	-	-	108,069	-	(108,069)	-	-	-	-	-
B5	Cash dividend of common stock	-	-	-	-	(579,781)	-	-	-	-	(579,781)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	47,090	-	-	(143,947)	-	-	-	-	(96,857)
C17	Changes in other capital surplus	-	6,054	-	-	-	-	-	-	-	6,054
D1	Net income for the year ended December 31, 2023	-	-	-	-	2,164,437	-	-	-	-	2,164,437
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2023	-	-	-	-	-	81	206,202	3,250	3,706	213,239
D5	Total comprehensive income (loss)	-	-	-	-	2,164,437	81	206,202	3,250	3,706	2,377,676
Z1	Balance as of December 31, 2023	\$11,595,611	\$118,406	\$4,831,727	\$504,189	\$8,824,081	\$513	\$430,854	\$258	\$3,706	\$26,309,345

(The accompanying notes are an integral part of these parent company only financial statements)

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$2,240,210	\$1,326,690
A20000	Adjustments to reconcile profit or loss:		
A20100	Depreciation	206,582	206,290
A20200	Amortization	3,201	2,591
A20300	Expected credit loss (gain)	(1)	-
A20900	Interest expenses	249,250	161,604
A21200	Interest income	(34,278)	(11,550)
A21300	Dividend income	(61,287)	(204,369)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(690,420)	405,289
A22500	Loss (gain) on disposal of property, plant and equipment	(2,814)	(4,279)
A23900	Unrealized sales profit (loss)	-	56,202
A23700	Impairment loss on non-financial assets	52,089	-
A29900	Others	-	(281,818)
A30000	Changes in operating assets and liabilities		
A31130	Decrease (increase) in notes receivable	16,053	(17,076)
A31150	Decrease (increase) in accounts receivable	(687,055)	148,648
A31160	Decrease (increase) in accounts receivable-related parties	1,145	(566)
A31180	Decrease (increase) in other receivables	8,860	(9,016)
A31200	Decrease (increase) in inventories	(5,079,587)	417,262
A31230	Decrease (increase) in prepayments	(52,835)	(70,535)
A31240	Decrease (increase) in other current assets	(3,125)	23,342
A31270	Decrease (increase) in incremental costs of obtaining contracts	(186,206)	(233,553)
A31990	Decrease (increase) in other operating assets	89,057	(49,947)
A32125	Increase (decrease) in contract liabilities	702,639	873,047
A32130	Increase (decrease) in notes payable	(32,970)	(111,737)
A32150	Increase (decrease) in accounts payable	274,110	27,677
A32160	Increase (decrease) in accounts payable-related parties	715,928	659,306
A32180	Increase (decrease) in other payables	(252,182)	286,270
A32230	Increase (decrease) in other current liabilities	56,887	(995,121)
A33000	Cash generated by (used in) operations	(2,466,749)	2,604,651
A33100	Interest received	34,142	11,551
A33500	Income tax paid	(35,971)	(127,850)
AAAA	Net cash generated by (used in) operating activities	(2,468,578)	2,488,352
BBBB	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(669,589)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	1,846,000
B01800	Acquisition of investment accounted for using equity method	(172,800)	(4,997,840)
B02700	Acquisition of property, plant and equipment	(18,624)	(68,271)
B02800	Proceeds from disposal of property, plant and equipment	9,334	4,926
B04500	Acquisition of intangible assets	(2,752)	(3,173)
B06800	Decrease in other non-current assets	306,347	150,251
B07600	Dividends received	538,179	277,613
BBBB	Net cash generated by (used in) investing activities	659,684	(3,460,083)
CCCC	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	1,030,000
C00200	Decrease in short-term borrowings	(1,975,000)	-
C00500	Increase in short-term notes payable	-	36,515
C00600	Decrease in short-term notes payable	(496,476)	-
C01600	Proceeds from long-term loans	5,898,691	9,231,550
C01700	Repayment of long-term loans	(4,360,000)	(3,038,685)
C04020	Cash payment for the principal portion of the lease liabilities	(23,410)	(28,442)
C04300	Increase in other non-current liabilities	18,067	614
C04500	Cash dividends	(579,781)	(695,737)
C05600	Interest paid	(650,376)	(371,285)
C09900	Other financing activities	(1,663)	(722)
CCCC	Net cash generated by (used in) financing activities	(2,169,948)	6,163,808
EEEE	Net increase (decrease) in cash and cash equivalents	(3,978,842)	5,192,077
E00100	Cash and cash equivalents, beginning of period	7,089,816	1,897,739
E00200	Cash and cash equivalents at the end of the period	\$3,110,974	\$7,089,816

(The accompanying notes are an integral part of these parent company only financial statements)

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Notes to Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

1. History and organization

Cathay Real Estate Development Co., Ltd. (the “Company”) was incorporated on December 1, 1964. The main businesses of the Company are entrusted the manufacturer to build residential and commercial buildings for leasing or selling.

The Company is located at 2F., No. 218, Sec. 2, Dunhua S. Rd., Da’an Dist., Taipei City 106, Taiwan (R.O.C.) and has been listed and traded on Taiwan Stock Exchange (TWSE) since October 1967.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 14, 2024.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments:

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

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A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

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C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepares parent company only financial reports based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers. According to the provisions of Article 21, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investment of subsidiaries is expressed as "investment using the equity method" and adjusted for necessary evaluation.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

English Translation of Financial Statements Originally Issued in Chinese

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

English Translation of Financial Statements Originally Issued in Chinese

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

The following asset is classified as current. All other assets are classified as non-current:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The following liability is classified as current. All other liabilities are classified as non-current:

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Company does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturing of less than 12 months).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

English Translation of Financial Statements Originally Issued in Chinese

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income based on both:

- a. the Company's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- a. the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - ii. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. for accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, The Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

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C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the asset have expired.
- b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or transaction costs.

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The main or the most advantageous market must enter by the Company to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(9) Inventories

Inventories, including construction land, construction in progress and building and land for sale, are stated at the cost in the basis of the account. The construction land transfer to property under construction during actively developed and capitalize financial cost during actively developed or construction period.

Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company's contract incremental cost is the commission generated by the acquisition of the presold house contract. The customer's signing of the presold contract has not fulfilled the performance obligation because the goods promised to have not been transferred to the customer. According IFRS 15, the sales commission is the incremental cost of acquisition the presold house contract. When the house is transferred to the customer and fulfill the performance obligation, the incremental cost of obtaining the contract is be amortized.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(10) Investment accounted for using equity method

The Company's investment in subsidiaries is based on the provisions of Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and is expressed in the equity method of investment and adjusted as necessary. The profit or loss during the period and other comprehensive income presented in the parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. These adjustments mainly consider the difference raised from the accounting of investment subsidiaries in accordance with IFRS No.10 <Consolidated Financial Statements> and the applicable IFRS at different levels of parent company only reporting. These adjustments are recognized in the following subjects: Investments accounted for using the equity method, share of profit of associates and joint ventures, Share of other comprehensive income of associates and joint ventures. The Company's investment in related companies using equity method excluding the assets held for sale. The company is an associates company if it has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.

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B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	5 to 50 years
Leased assets	5 years
Leasehold improvement	The shorter of lease terms or economic useful lives
Miscellaneous equipment	3 to 5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment properties

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	2 to 50 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B. the right to direct the use of the identified asset.

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For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and

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D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue Recognition

The Company's revenue arising from contracts with customers mainly includes sale of buildings and land. The accounting policies for the Company's types of revenue are explained as follows:

Sales of buildings and lands

The Company entrusts construction companies in construction and planning of public housing is recognized as sales revenue in accordance with the IFRS 15 about the regulation of sales of goods. Therefore, the Company recognize profit and loss when the ownership transferred.

Before the recognition of the income, the down payment and installment received for the sale of the premises are recognized as contract liabilities in the current liabilities of the balance sheet.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Retirement benefits plans

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company.

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Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs or termination benefits costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period because of contribution and benefit payment.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

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Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(20) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment-Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has signed real estate leases for investment property portfolios. Based on the assessment of its agreed terms, the Company still retains the significant risks and rewards of ownership of these properties and treats them as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for a detailed description of the assumptions used to measure defined benefit costs and defined benefit obligations.

D. Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2023, the deferred income tax assets that the Company has not recognize, please refer to Note 6 for more details.

E. Inventory evaluation

Inventories are stated at the lower of cost and net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the date of balance sheet. The Company estimates the net realizable value of inventory for market changes and unmarketable items at the date of balance sheet and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments. Please refer to Note 6 for more details.

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F. Accounts receivables-estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and petty cash	\$763	\$290
Checking accounts and demand deposit	2,409,819	4,546,483
Cash equivalent-short-term notes	700,392	2,543,043
Total	<u>\$3,110,974</u>	<u>\$7,089,816</u>

The Company's cash and cash equivalents were not pledged as collateral or restricted for uses.

(2) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed company stocks	<u>\$2,926,542</u>	<u>\$2,558,725</u>
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted company's stocks	<u>\$493,512</u>	<u>\$647,654</u>

The Company's financial assets at fair value through over comprehensive income were not pledged as collateral or restricted for uses.

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The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$61,287	\$204,369
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$61,287</u>	<u>\$204,369</u>

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	\$-	\$1,913,515
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	-	(127,054)

(3) Notes receivable

	As of December 31,	
	2023	2022
Notes receivable arising from operating activities	\$21,913	\$37,966
Less: loss allowance	-	-
Total	<u>\$21,913</u>	<u>\$37,966</u>

The Company's notes receivables were not pledged as collateral or restricted for uses.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6. (19) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

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(4) Accounts receivable and accounts receivable -related parties

	As of December 31,	
	2023	2022
Accounts receivable	\$691,127	\$4,072
Less: loss allowance	-	(1)
Subtotal	691,127	4,071
Accounts receivable - related parties	320	1,465
Less: loss allowance	-	-
Subtotal	320	1,465
Total	\$691,447	\$5,536

The Company's accounts receivable and accounts receivable- related parties were not pledged as collateral or restricted for uses.

Accounts receivables are generally on 30-365-day terms. The book value of the accounts receivables held by the Company were NT\$691,447 thousand and NT\$5,537 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6. (19) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk.

(5) Inventories

	As of December 31,	
	2023	2022
Construction land	\$8,327,074	\$11,024,182
Construction in progress	25,102,298	21,625,969
Buildings and land held for sale	4,567,716	761,803
Subtotal	37,997,088	33,411,954
Prepayment for land purchases	1,183,889	364,169
Total	\$39,180,977	\$33,776,123

A. Some of the construction in progress above was contracted by the Company's subsidiary, San Ching Engineering Co., Ltd., for the years ended December 31, 2023 and 2022, the relevant transactions are detailed in Note 7.

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B. The net realizable value of the construction land held by the Company is based on the nature of the land, using either land development analysis approach, comparison method or announced current land value method. The land development analysis approach is based on the changes in land value the development and improvement bring according to the legal use and the intensity of use of the land. The approach estimates the total sales amount after development or construction, deducting the direct costs, indirect costs, capital interests and profits during the development period. The comparison method is evaluated based on the transaction price of similar lands in neighboring areas in the most recent year. The announced current land value method is based on the assessment of the current value of the land announced by the Department of Land Affairs, Ministry of the Interior.

C. Significant construction projects in progress were as follows:

Construction Project	Total Contract Price (budget cost, excluding payment for land)	Percentage of Completion
Liberty Stationery Corp	\$2,471,862	97%
Cathay MOST+	1,890,000	59%
Cathay He He	1,104,762	58%
Cathay You Yang	1,158,464	48%
Cathay Xi Jing	1,133,333	48%
Cathay THE PARK	1,257,143	38%
Cathay You Jing	1,086,746	30%
Cathay Mei He	1,121,144	24%
Dunnan Lin Yuan	1,670,952	19%
Taoyuan City Central Road Section 2	2,057,515	18%
Cathay Pan Yun	1,127,429	16%
Cathay United Dunbei Urban Renewal Project	1,123,321	15%
Cathay Yi He	2,275,500	14%
Cathay Yong Cui	2,278,750	10%

D. Information regarding the total interests capitalized of the inventories were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense capitalized	\$405,743	\$224,484
Interest expense before capitalization	654,993	386,089
Monthly capitalization interest rate	0.1219%~0.2943%	0.0633%~0.1937%

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- E. To successfully construct and deliver the building and housing to the customers, the Company uses the following trust accounts for the construction in progress:

Construction Project	Amount	Trustee
Cathay Huai Wei Feng Nian	\$1	Cathay United Bank
Cathay Chuan Qing	0	Cathay United Bank
Cathay Feng Shuo	55	Cathay United Bank
Cathay Xi Jing	1,661	Cathay United Bank
Cathay He He	992	Cathay United Bank
Cathay You Yang	15	Cathay United Bank
Cathay You Jing	5,017	Cathay United Bank
Cathay Shi Mei	250,040	Cathay United Bank
Cathay Yong Cui	409,155	Cathay United Bank
Dunnan Lin Yuan	435,265	Cathay United Bank
Cathay Min Le	92,151	Cathay United Bank
Cathay THE PARK	134,994	Cathay United Bank
Cathay MOST+	10,014	Cathay United Bank
Cathay Sen Lin Hui	0	Cathay United Bank
Cathay Mei He	143,488	Cathay United Bank
Cathay Pan Yun	264,742	Cathay United Bank
Cathay Yi He	196,195	Cathay United Bank
Cathay Yong Cui Joint Construction Party	286,933	Cathay United Bank

As of December 31, 2023, the Company has established a deed of trust with the bank for the construction above to help manage the funds of the presold customers paid. The trust period ends after the construction is completed and the first ownership registration of the property. The balance of the managed funds by the Company in accordance with the above trust deed is NT\$2,230,718 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

- F. The costs of inventories recognized in expenses amount to NT\$4,205,593 thousand and NT\$11,212,557 thousand for the years ended to December 31, 2023 and 2022, including the inventory valuation losses NT\$0 thousand for both the years ended December 31, 2023 and 2022.

- G. Please refer to Note 8 for more details on inventory under pledged.

- H. Incremental costs of obtaining contracts

The cost occurred for the acquisition of the customer's contract is the incremental cost of the contract. The incremental cost of the contract is amortized when the house is handed over to the customers.

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(6) Investment accounted for using equity method

The following table lists the investments for using the equity method of the Company:

Investee	As of December 31,			
	2023		2022	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
Investment in subsidiaries:				
Cathay Real Estate Management Co., Ltd.	\$139,517	100%	\$129,694	100%
Cathay Healthcare Management Co., Ltd.	647,572	85%	620,212	85%
Cathay Hospitality Management Co., Ltd.	63,758	100%	94,135	100%
Cathay Hospitality Consulting Co., Ltd.	128,441	100%	160,739	100%
Cymbal Medical Network Co., Ltd.	172,373	100%	247,719	100%
Lin Yuan Property Management Co., Ltd.	73,857	51%	60,420	51%
Jinhua Realty Co., Ltd.	337,027	51%	338,639	51%
Bannan Realty Co., Ltd.	575,544	51%	578,138	51%
Sanchong Realty Co., Ltd.	1,761,939	66%	1,651,771	66%
Zhulun Realty Co., Ltd.	196,953	51%	200,287	51%
San Ching Engineering Co., Ltd.	2,978,397	100%	2,759,891	100%
Subtotal	7,075,378		6,841,645	
Investment of associates:				
Symphox information Co., Ltd.	95,494	11%	63,587	11%
San Hsiung Fongshan LaLaport Co., Ltd.	176,352	30%	152,620	30%
Subtotal	271,846		216,207	
Total	\$7,347,224		\$7,057,852	

The investment of subsidiaries is expressed by “Investment using the equity method” in the parent company only financial statements and their evaluation will be adjusted if necessary.

A. We did not audit the financial statements of certain associates and joint ventures accounted for using the equity method. As of December 31, 2023 and 2022, these associates and joint ventures under equity method amounted to NT\$1,609,243 thousand and NT\$1,533,972 thousand, respectively. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$40,535 thousand and NT\$14,128 thousand, respectively, for the years ended December 31, 2023 and 2022.

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B. Changes of the investments accounted for using the equity method:

Zhulun Realty Co., Ltd. was established in 2022. After acquiring 100% shares of San Ching Engineering Co., Ltd. in May 2022, the Company gained control over the entity. After acquiring 30% shares of San Hsiung Fongshan LaLaport Co., Ltd. in October 2022, the Company had significant influence over it.

C. The Company acquired 100% of San Ching Engineering Co., Ltd.'s voting shares in May 2022. The transfer price of this transaction and the fair value of the originally held equity on the acquisition date was lower than the fair value of identifiable net asset. The difference was recognized as bargain purchase gains. Please refer to Note 6. (26).

D. The Company acquired 100% shares of San Ching Engineering Co., Ltd. in May 2022 and its investee: Symphox information Co., Ltd. was therefore deemed an associate as the Company has gained significant influence over the entity. The Company reclassified the investment from financial assets measured at fair value through other comprehensive income to investment accounted for using equity method.

E. Though the Company and one of the shareholders are the largest shareholders of Symphox information Co., Ltd., however after comprehensive assessment, the Company does not own the majority voting rights as the remaining voting rights holders are able to align and prevent the Company from ruling the relevant operation. Therefore, the Company does not control but owns significant influence over the above-mentioned associates.

F. There are no significant associates for the Company. The Company's associate aggregately amounted respectively to NT\$2,033,316 thousand and NT\$1,815,568 thousand as of December 31, 2023 and 2022. The related shares of profits from the associates accounted for using the equity method were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Net income (loss)	\$277,260	\$(20,930)
Other comprehensive income (after income tax)	2,609	1,301
Total comprehensive income	<u>\$279,869</u>	<u>\$(19,629)</u>

G. The Company's investments accounted for using the equity method were not pledged as collateral or restricted.

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(7) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner occupied property, plant and equipment	\$26,687	\$29,572
Property, plant and equipment leased out under operating leases	65,051	73,978
Total	<u>\$91,738</u>	<u>\$103,550</u>

A. Owner occupied property, plant and equipment

	Land	Buildings and facilities	Leasehold improvement	Miscellaneous equipment	Total
Cost:					
As of January 1, 2022	\$1,346	\$1,829	\$21,495	\$17,112	\$41,782
Additions	-	-	7,461	20,243	27,704
Disposals	-	-	(1,140)	-	(1,140)
As of December 31, 2022	1,346	1,829	27,816	37,355	68,346
Additions	-	-	-	2,880	2,880
Disposals	-	-	-	-	-
As of December 31, 2023	<u>\$1,346</u>	<u>\$1,829</u>	<u>\$27,816</u>	<u>\$40,235</u>	<u>\$71,226</u>
Depreciation and impairment:					
As of January 1, 2022	\$-	\$448	\$20,259	\$15,487	\$36,194
Depreciation	-	36	620	3,064	3,720
Disposals	-	-	(1,140)	-	(1,140)
As of December 31, 2022	-	484	19,739	18,551	38,774
Depreciation	-	36	1,813	3,916	5,765
Disposals	-	-	-	-	-
As of December 31, 2023	<u>\$-</u>	<u>\$520</u>	<u>\$21,552</u>	<u>\$22,467</u>	<u>\$44,539</u>
Net carrying amount:					
As of December 31, 2023	<u>\$1,346</u>	<u>\$1,309</u>	<u>\$6,264</u>	<u>\$17,768</u>	<u>\$26,687</u>
As of December 31, 2022	<u>\$1,346</u>	<u>\$1,345</u>	<u>\$8,077</u>	<u>\$18,804</u>	<u>\$29,572</u>

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B. Property, plant and equipment leased out under operating leases

	<u>Transportation equipment</u>
Cost:	
As of January 1, 2022	\$117,648
Additions	40,567
Disposals	<u>(17,203)</u>
As of December 31, 2022	141,012
Additions	15,744
Disposals	<u>(24,498)</u>
As of December 31, 2023	<u><u>\$132,258</u></u>
Depreciation and impairment:	
As of January 1, 2022	\$63,735
Depreciation	19,855
Disposals	<u>(16,556)</u>
As of December 31, 2022	67,034
Depreciation	20,028
Disposals	<u>(19,855)</u>
As of December 31, 2023	<u><u>\$67,207</u></u>
Net carrying amount:	
As of December 31, 2023	<u><u>\$65,051</u></u>
As of December 31, 2022	<u><u>\$73,978</u></u>

C. The major components of the Company's buildings are mainly buildings, air-conditioning equipment and elevators, and are depreciated according to their durability years of 50, 5 and 15 years respectively.

D. The Company's Property, plant and equipment were not capitalized from financial costs.

E. The Company's, Property, plant and equipment were not pledged as collateral or restricted for uses.

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(8) Investment properties

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
As of January 1, 2022	\$7,154,606	\$6,088,804	\$13,243,410
Additions	-	49,947	49,947
Transferred from the buildings and land held for sale	57,941	58,372	116,313
As of December 31, 2022	7,212,547	6,197,123	13,409,670
Additions	-	38,888	38,888
Transferred from the buildings and land held for sale	39,462	41,014	80,476
Disposals	(32,783)	(232,169)	(264,952)
As of December 31, 2023	<u>\$7,219,226</u>	<u>\$6,044,856</u>	<u>\$13,264,082</u>
Depreciation and impairment:			
As of January 1, 2022	\$-	\$2,715,686	\$2,715,686
Depreciation	-	154,500	154,500
Disposals	-	-	-
As of December 31, 2022	-	2,870,186	2,870,186
Depreciation	-	156,705	156,705
Impairment loss	-	52,089	52,089
Disposals	-	(135,130)	(135,130)
As of December 31, 2023	<u>\$-</u>	<u>\$2,943,850</u>	<u>\$2,943,850</u>
Net carrying amount:			
As of December 31, 2023	<u>\$7,219,226</u>	<u>\$3,101,006</u>	<u>\$10,320,232</u>
As of December 31, 2022	<u>\$7,212,547</u>	<u>\$3,326,937</u>	<u>\$10,539,484</u>
		<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Rental income from investment property		\$345,015	\$333,885
Less: Direct operating expenses from investment property generating rental income		(100,555)	(101,116)
Direct operating expenses from investment property not generating rental income		(40,964)	(46,180)
Total		<u>\$203,496</u>	<u>\$186,589</u>

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The investment properties held by the Company were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Company were NT\$17,712,867 thousand and NT\$16,844,414 thousand as of December 31, 2023 and 2022, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the recent actual deal price or the market transaction price of the real estate nearby.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

	Computer software
Cost:	
As of January 1, 2022	\$41,256
Addition-acquired separately	3,173
As of December 31, 2022	44,429
Addition-acquired separately	2,752
As of December 31, 2023	\$47,181
Amortization and impairment:	
As of January 1, 2022	\$36,615
Amortization	2,591
As of December 31, 2022	39,206
Amortization	3,201
As of December 31, 2023	\$42,407
Net carrying amount:	
As of December 31, 2023	\$4,774
As of December 31, 2022	\$5,223

Amortization expense of intangible assets were as follows:

	For the years ended December 31,	
	2023	2022
Operating expenses	\$3,201	\$2,591

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(10) Other non-currents assets

	As of December 31,	
	2023	2022
Construction land	\$18,425	\$18,425
Prepaid expenses-equipment	185,639	45,463
Refundable deposits	642,150	1,088,673
Other non-current assets - other	16,264	16,264
Total	<u>\$862,478</u>	<u>\$1,168,825</u>

Due to legal restrictions, ownership of agricultural land can only be registered in the name of an individual. The above-mentioned construction land is an agricultural land acquired by the Company in the name of a third party. The details are disclosed as follows:

Items	As of December 31,		Nature of Transaction	Purpose of Transaction	Securities
	2023	2022			
Land Serial No.137-2 etc., Northern shi-zhi of Hou-tsu section, San-zhi township, New Taipei City	<u>\$18,425</u>	<u>\$18,425</u>	Purchases / Sales	Development	Mortgage setting and commitment

(11) Short-term loan

	As of December 31,	
	2023	2022
Unsecured bank loans	\$9,025,000	\$11,180,000
Secured bank loans	800,000	620,000
Total	<u>\$9,825,000</u>	<u>\$11,800,000</u>
Interest rate (%)	1.76%~2.30%	1.33%~2.30%

Please refer to Note 6. (13) for more details on the Company's unused lines of credits.

Please refer to Note 8 for more details on investment property pledged for secured bank loans.

(12) Short-term notes payable

	As of December 31,	
	2023	2022
Short-term notes payable	\$1,500,000	\$2,000,000
Less: unamortized discount	(1,896)	(5,420)
Net	<u>\$1,498,104</u>	<u>\$1,994,580</u>
Interest rate	1.60%~1.94%	1.48%

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(13) Long-term loans

Details of long-term loans as of December 31, 2023 and 2022 are as follows:

Nature of Borrowings	As of December 31, 2023	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$15,220,550	1.75%~2.18%	Effective August 2021 to July 2027, repayments on due day.
Bank secured loans	3,740,000	2.30%	Effective November 2023 to August 2026, repayments on due day.
Long-term credit notes payable	999,691	1.41%	Effective December 2023 to February 2026, repayments on due day.
Subtotal	19,960,241		
Less: current portion	(7,580,000)		
Total	<u>\$12,380,241</u>		

Nature of Borrowings	As of December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Bank credit loans	\$14,471,550	1.38%~2.10%	Effective July 2020 to July 2027, repayments on due day.
Secured bank loans	3,950,000	2.26%~2.30%	Effective September 2022 to August 2026, repayments on due day.
Subtotal	18,421,550		
Less: current portion	(4,150,000)		
Total	<u>\$14,271,550</u>		

The Company's unused total lines of credits amount to NT\$20,320,760 thousand and NT\$16,874,760 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on inventory and investment property pledged for secured bank loans and notes.

(14) Retirement benefits plans

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

For the years ended December 31, 2023 and 2022, the expenses related to defined contribution plan amounted to NT\$5,109 thousand and NT\$4,772 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,742 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

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As of December 31, 2023 and 2022, the average duration of defined benefit obligation of the Company was expected to be 7.4 years and 7.8 years.

Amounts for defined benefit plans to be recognized in profit or loss are summarized as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current service cost	\$4,752	\$5,814
Net interest on the net defined benefit liability (asset)	817	506
Total	<u>\$5,569</u>	<u>\$6,320</u>

Reconciliation of the present value of the defined benefit obligation and fair value of plan assets of the defined benefit plan is as follows:

	<u>As of</u>		
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Present value of defined benefit obligation	\$139,063	\$135,036	\$154,202
Fair value of plan assets	(73,375)	(66,722)	(75,703)
Other non-current liabilities-accrued pension liabilities (assets) recognized on the balance sheets	<u>\$65,688</u>	<u>\$68,314</u>	<u>\$78,499</u>

Reconciliation of net defined benefit liabilities (assets):

	<u>Defined benefits</u> <u>obligation</u>	<u>Plan assets</u> <u>fair value</u>	<u>Net defined</u> <u>benefit</u> <u>liabilities</u> <u>(assets)</u>
As of January 1, 2022	\$154,202	\$(75,703)	\$78,499
Net defined benefit cost			
Current service cost	5,814	-	5,814
Interest expense (income)	979	(473)	506
Subtotal	<u>6,793</u>	<u>(473)</u>	<u>6,320</u>
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(6,320)	-	(6,320)
Experience adjustment	10,306	-	10,306
Remeasurement of plan assets	-	1,336	1,336
Subtotal	<u>3,986</u>	<u>1,336</u>	<u>5,322</u>
Payments from the plan	(29,945)	18,004	(11,941)
Contributions by employer	-	(9,886)	(9,886)
As of December 31, 2022	135,036	(66,722)	68,314

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	Defined benefits obligation	Plan assets fair value	Net defined benefit liabilities (assets)
Net defined benefit cost			
Current service cost	4,752	-	4,752
Interest expense (income)	1,647	(830)	817
Subtotal	6,399	(830)	5,569
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	801	-	801
Experience adjustment	5,406	-	5,406
Remeasurement of plan assets	-	(5,786)	(5,786)
Subtotal	6,207	(5,786)	421
Payments from the plan	(8,579)	8,158	(421)
Contributions by employer	-	(8,195)	(8,195)
As of December 31, 2023	\$139,063	\$(73,375)	\$65,688

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.18%	1.26%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption:

	For the years ended December 31,			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Increase defined benefit obligation
Discount rate increases by 0.25%	\$-	\$2,503	\$-	\$2,566
Discount rate decreases by 0.25%	2,503	-	2,701	-
Future salary increases by 0.5%	4,867	-	5,131	-
Future salary decreases by 0.5%	-	4,728	-	4,861

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The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Common stock

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2023 and 2022, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2023 and 2022, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

(16) Capital surplus

	As of December 31,	
	2023	2022
Treasury share transactions	\$10,407	\$10,407
Difference between consideration and carrying amount of subsidiaries acquired or disposed	262	262
Changes in equity of associates and joint ventures accounted for using equity method	63,542	16,452
Others - overdue dividends	44,195	38,141
Total	<u>\$118,406</u>	<u>\$65,262</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(17) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Special reserve

The FSC on September 30, 2021 issued Order No. Financial-Supervisory-Securities-Corporate 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve.

At the first-time adoption of IFRSs, special reserve set aside by The Company was NT\$504,189 thousand. As of December 31, 2023, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

- a. Payments of all taxes, if any
- b. To offset prior year's deficit, if any
- c. To set aside 10% of the remaining amount as legal reserve after deducting items (a) and
- d. To set aside special reserve, if required
- e. The remaining amount (the "appropriable after-dividend earnings"), if any, combination with prior year's accumulated unappropriated earnings is appropriated based on the appropriation of shareholders' bonuses plan drafted by the board of directors under the ordinary shareholders' meeting.

In response to the changes in the economy and the markets, The Company is developing towards diversified investment to increase profitability. Considering long-term financial planning and cash flows, the dividend policy adopts the residual dividend policy for stable growth and sustainable operation. According to the Company's operating plan, capital investment and the shareholders' demand for cash inflows, and avoiding excessive inflationary capital, the surplus distribution is given priority by cash dividends, and the stock dividends are also issued, but the cash dividend distribution ratio cannot less than 50% of the total dividend.

D. For the years ended December 31, 2022 and 2021, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 9, 2023 and June 17, 2022, were as follows:

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	Appropriation of earnings (In thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2022	2021	2022	2021
Legal reserve	\$108,069	\$84,754		
Common stock - cash dividend	579,781	695,737	\$0.5	\$0.6

E. Please refer to Note 6. (21) for details of bonus to employees and directors.

(18) Operating revenues

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sales of buildings and land	\$6,454,013	\$13,757,825
Rental income	375,147	368,804
Total	<u>\$6,829,160</u>	<u>\$14,126,629</u>

The relevant information of the Company's revenue are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023

	Property and real estate investment development department
Sales of buildings and lands	\$6,454,013
Rental income	375,147
Total	<u>\$6,829,160</u>
Revenue recognition point:	
At a point in time	\$6,454,013
Over time	375,147
Total	<u>\$6,829,160</u>

For the year ended December 31, 2022

	Property and real estate investment development department
Sales of buildings and lands	\$13,757,825
Rental income	368,804
Total	<u>\$14,126,629</u>

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	Property and real estate investment development department
Revenue recognition point:	
At a point in time	\$13,757,825
Over time	368,804
Total	<u>\$14,126,629</u>

B. Contract balances

Contract liabilities - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	<u>\$6,202,748</u>	<u>\$5,500,109</u>	<u>\$4,627,062</u>

For the years ended December 31, 2023 and 2022, the movement in the contract liabilities were as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,478,767)	\$(1,694,373)
Increase in receipt in advance during the period	2,181,406	2,567,420

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of December 31,	
	2023	2022
Sales of buildings and lands	<u>\$1,196,906</u>	<u>\$1,010,700</u>

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2023 and 2022 were NT\$126,758 thousand and NT\$347,830 thousand, respectively.

(19) Expected credit losses/(gains)

	For the years ended December 31,	
	2023	2022
Operating expenses-expected credit losses/(gains)		
Accounts receivable	<u>\$(1)</u>	<u>\$-</u>

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Please refer to Note 12 for information of credit risks.

The Company measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The Company considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. The details of the loss allowance measured was as follows:

As of December 31, 2023

	Neither past due (Note)	Past due					Total
		Within 1 month	1-3 months	3-9 months	9-12 months	Over 1 year	
Gross carrying amount	\$710,335	\$3,025	\$-	\$-	\$-	\$-	\$713,360
Loss rate	-	-	-	-	-	-	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying Amount	\$710,335	\$3,025	\$-	\$-	\$-	\$-	\$713,360

As of December 31, 2022

	Neither past due (Note)	Past due					Total
		Within 1 month	1-3 months	3-9 months	9-12 months	Over 1 year	
Gross carrying amount	\$37,067	\$6,436	\$-	\$-	\$-	\$-	\$43,503
Loss rate	-	0.01%	-	-	-	-	
Lifetime expected credit losses	-	1	-	-	-	-	1
Carrying Amount	\$37,067	\$6,435	\$-	\$-	\$-	\$-	\$43,502

Note: The Company's notes receivable is not overdue.

For the years ended December 31, 2023 and 2022, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2022	\$-	\$1
Addition/(reversal) for the current period	-	-
Amounts written off during the period as uncollectible	-	-
As of December 31, 2022	-	1
Addition/(reversal) for the current period	-	(1)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2023	\$-	\$-

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(20) Operating leases

A. Company as a lessee

The Company leases various properties, including land and buildings. The lease term of each contract ranges from 2 to 3 years. No restrictions are imposed on the Company in this contract.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2023	2022
Land	\$6,879	\$14,401
Buildings and facilities	24,938	8,249
Total	<u>\$31,817</u>	<u>\$22,650</u>

For the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounting to NT\$33,251 thousand and NT\$14,280 thousand, respectively.

(b) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	<u>\$31,634</u>	<u>\$21,793</u>
Current	\$20,968	\$15,247
Non-current	10,666	6,546

Please refer to Note 6.22.(4) D for the interest on lease liability recognized during the years ended December 31, 2023 and 2022 and refer to Note 12. (5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	\$7,522	\$11,967
Buildings and facilities	16,562	16,248
Total	<u>\$24,084</u>	<u>\$28,215</u>

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c. Income and costs relating to leasing activities

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
The expense relating to short-term leases	\$56	\$120
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

As of December 31, 2023 and 2022, the short-term lease portfolio promised by the Company and the types of lease targets related to the aforementioned short-term lease expenses are similar.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounting to NT\$24,037 thousand and NT\$28,937 thousand, respectively.

B. Company as a lessor

Please refer to Note 6 (8) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$375,147</u>	<u>\$368,804</u>

Please refer to Note 6. (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

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	As of December 31,	
	2023	2022
Not later than 1 year	\$441,880	\$325,657
Later than 1 year and not later than 2 years	338,298	200,287
Later than 2 year and not later than 3 years	294,953	145,172
Later than 3 year and not later than 4 years	272,698	123,256
Later than 4 year and not later than 5 years	250,236	105,170
Later than 5 years	749,987	743,339
Total	<u>\$2,348,052</u>	<u>\$1,642,881</u>

(21) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$33,939	\$162,333	\$196,272	\$30,582	\$168,279	\$198,861
Labor and health insurance	-	14,921	14,921	-	14,775	14,775
Pension	-	10,678	10,678	-	11,092	11,092
Other employee benefits expense	-	8,249	8,249	-	7,710	7,710
Depreciation and depletion	176,733	29,849	206,582	174,355	31,935	206,290
Amortization	-	3,201	3,201	-	2,591	2,591

A. On December 31, 2023 and 2022, the numbers of employees were 161 and 160 respectively, among which the numbers of directors who have not served as employees were both 4.

B. The average employee benefits expense for the years ended December 31, 2023 and 2022 were NT\$1,413 thousand and NT\$1,441 thousand, respectively. (“Total employee benefits expense for the year - Total director’s remuneration for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”)

C. The average salaries and wages for the years ended December 31, 2023 and 2022 were NT\$1,250 thousand and NT\$1,275 thousand, respectively (“Total salaries and wages for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”). The average salaries and wages decreased by 1.96% (“Average salaries and wages for the year - Average salaries and wages last year” / “Average salaries and wages last year”).

D. The Company established an audit committee instead of supervisors.

E. The Company's policy of salaries and wages for directors, managers and employees is as follows: In order to attract, keep and motivate talents for the balance of sustainable running and risk control, the Company follows "Directors' Remuneration Guidelines", "Managers' Remuneration Guidelines", employees' salaries regulations and other related regulations to decide salaries and wages. Also, the Company comprehensively considers individuals' responsibility, the market, contribution, performance and expected or realized risks. Related regulations are modified and reviewed on regular basis based on actual operation.

F. Employees' Compensation and Directors' Remuneration

According to the Company's Articles of Incorporation, 0.1% to 1% and lower than 1% of the profit of the period should be distributed as compensation for employees and directors' remuneration. However, if there is accumulated deficit, the deficit should be covered first. The Group may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employees' compensation and directors' remuneration was NT\$2,245 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2023. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2022 was NT\$1,330 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 14, 2023 resolved to distribute NT\$1,330 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount in the financial statement of 2022 and the actual distribution.

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(22) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Deposit interest	\$11,010	\$2,060
Others	23,268	9,490
Total	<u>\$34,278</u>	<u>\$11,550</u>

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	\$61,287	\$204,369
Bargain purchase gain	-	281,818
Other	71,793	132,932
Total	<u>\$133,080</u>	<u>\$619,119</u>

C. Other gains or losses

	For the years ended December 31,	
	2023	2022
Gains on disposal and abandon of property, plant and equipment	\$2,814	\$4,279
Impairment loss	(52,089)	-
Other	(2,255)	(744)
Total	<u>\$(51,530)</u>	<u>\$3,535</u>

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$248,679	\$161,229
Interest on lease liabilities	571	375
Total	<u>\$249,250</u>	<u>\$161,604</u>

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(23) Components of other comprehensive income

For the year ended December 31, 2023

				Income tax relating to components of	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(421)	\$-	\$(421)	\$84	\$(337)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	213,675	-	213,675	-	213,675
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(180)	-	(180)	-	(180)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	81	-	81	-	81
Total	<u>\$213,155</u>	<u>\$-</u>	<u>\$213,155</u>	<u>\$84</u>	<u>\$213,239</u>

For the year ended December 31, 2022

				Income tax relating to components of	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(5,322)	\$-	\$(5,322)	\$1,064	\$(4,258)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(1,355,894)	-	(1,355,894)	-	(1,355,894)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(14,067)	-	(14,067)	-	(14,067)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	432	-	432	-	432
Total	<u>\$(1,374,851)</u>	<u>\$-</u>	<u>\$(1,374,851)</u>	<u>\$1,064</u>	<u>\$(1,373,787)</u>

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(24) Income taxes

The components of income tax expenses are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense (income):		
Current income tax payable	\$91,367	\$43,154
Current land value increment tax charge	4,219	117,520
Adjustments in respect of current income tax of prior periods	(23,796)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,983	(41,733)
Total income tax expense (income)	<u>\$75,773</u>	<u>\$118,941</u>

Income tax relating to components of other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(84)</u>	<u>\$(1,064)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	<u>\$2,240,210</u>	<u>\$1,326,690</u>
Tax at the domestic rates applicable to profits in the country concerned	\$448,042	\$265,338
Tax effect of revenues exempt from taxation	(474,668)	(341,476)
Tax effect of non-deductible expenses	102,334	103,405
Tax effect of deferred tax assets/liabilities	-	(70,140)
Surtax on undistributed retain earnings	19,642	3,352
Adjustments in respect of current income tax of prior periods	(23,796)	-
Current land value increment tax	4,219	117,520
Tax effect of adjustments in accordance with tax laws	<u>-</u>	<u>40,942</u>
Total income tax expense (income) recognized in profit or loss	<u>\$75,773</u>	<u>\$118,941</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Ending Balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	88,450	(2,602)	-	85,848
Depreciation difference for tax purpose - investment property	93,306	(2,744)	-	90,562
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,041	(97)	-	1,944
Unrealized intragroup profits and losses	17,380	(8)	-	17,372
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	10,418	-	13,287
Non-current liability - defined benefit liability	9,341	(609)	84	8,816
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	158,415	(8,341)	-	150,074
Deferred tax income/(expense)		<u>\$(3,983)</u>	<u>\$84</u>	
Net deferred tax assets/(liabilities)	<u>\$363,160</u>			<u>\$359,261</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$373,209</u>			<u>\$369,310</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

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For the year ended December 31, 2022

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending Balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	91,051	(2,601)	-	88,450
Depreciation difference for tax purpose - investment property	96,051	(2,745)	-	93,306
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,138	(97)	-	2,041
Unrealized intragroup profits and losses	6,148	11,232	-	17,380
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	11,378	(3,101)	1,064	9,341
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	119,370	39,045	-	158,415
Deferred tax income/(expense)		\$41,733	\$1,064	
Net deferred tax assets/(liabilities)	\$320,363			\$363,160
Reflected in balance sheet as follows:				
Deferred tax assets	\$330,412			\$373,209
Deferred tax liabilities	\$(10,049)			\$(10,049)

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the deferred tax assets that have not been recognized both amounted to NT\$0.

The assessment of income tax returns

The Company's income tax return has been assessed and approved by the tax authorities through 2021.

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(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT\$)	\$1.87	\$1.04
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	139	71
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,700	1,159,632
Diluted earnings per share (NT\$)	\$1.87	\$1.04

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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(26) Business combinations

Acquisition of San Ching Engineering Co., Ltd.

In May 2022, the Company acquired 100% of voting shares of San Ching Co., Ltd., which provides services such as construction project contracting and construction management. The Company acquired San Ching Engineering Co., Ltd. to reduce costs, enhance competitiveness, and expand real estate development projects.

The Company has elected to measure the acquiree's non-controlling interest in proportion to the acquiree's relative share of net identifiable assets recognized.

The fair value of the identifiable assets and liabilities of San Ching Engineering Co., Ltd. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$801,943
Contract assets	115,774
Accounts receivable	598,144
Other receivables	9,047
Current tax assets	23,266
Inventories	2,284,353
Prepayments	106,052
Other current assets	107,533
Financial assets measured at fair value through other comprehensive income	15,300
Investment accounted for using equity method	540,531
Property, plant and equipment	6,302,922
Right-of-use assets	355,271
Investment properties	255,279
Intangible assets	498,206
Other non-currents assets	480,736
Subtotal	<u>12,494,357</u>

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	Fair value recognized on the acquisition date
Liabilities	
Short-term loan	1,016,000
Short-term notes payable	1,394,784
Contract liabilities-current	952,986
Notes payable	3,477
Accounts payable	254,958
Other payables	313,766
Current tax liabilities	202,306
Long-term loans-current portion	282,398
Other current liabilities	1,356
Long-term loans	4,047,258
Lease liabilities (including non-current)	362,431
Other non-current liabilities	75,593
Subtotal	8,907,313
Identifiable net assets	33,587,044
Bargain purchase gain is calculated as follows:	
Purchase consideration	\$1,800,000
Add: non-controlling interests at fair value	1,505,226
Less: identifiable net assets at fair value	(3,587,044)
Bargain purchase gain	\$(281,818)
Analysis of cash flows on acquisition:	
Cash paid	\$1,800,000
Net cash acquired with the subsidiary	(801,943)
Net cash flow	\$998,057

The above financial information is disclosed based on the merger information of the acquiring company.

From the acquisition date to December 31, 2022, San Ching Engineering Co., Ltd. contributed NT\$267,011 thousand net income from continuing operations. If the combination had taken place at the beginning of the year, the net income from continuing operations for the Company would have been NT\$1,084,063 thousand.

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7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

(1) Name and nature of relationship of the related parties

Name of the related parties	Relationships with the Company
Cathay Hospitality Management Co., Ltd. (Cathay Hospitality)	Subsidiary
Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting)	Subsidiary
Bannan Realty Co., Ltd. (Bannan Realty)	Subsidiary
Sanchong Realty Co., Ltd. (Sanchong Realty)	Subsidiary
Zhulun Realty Co., Ltd. (Zhulun Realty)	Subsidiary
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary
San Ching Engineering Co., Ltd. (San Ching Engineering)	Subsidiary (Note 1)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Wanda Investment Co., Ltd. (Wanda Investment)	Others
Baixing Investment Co., Ltd. (Baixing Investment)	Others
Yi Ru Enterprise Co., Ltd. (Yi Ru Enterprise)	Others
Wei Don Enterprise Co., Ltd. (Wei Don Enterprise)	Others
Wei Lin Enterprise Co., Ltd. (Wei Lin Enterprise)	Others
Cathay Real Estate Foundation (Cathay-Cultural Foundation)	Others
Hsien Fang Capital Co., Ltd. (Hsien Fang Capital)	Others
Cheng Dao Capital Co., Ltd. (Cheng Dao Capital)	Others
Hung Chih Capital Co., Ltd. (Hung Chih Capital)	Others
○○, Hsu	The spouse of key management personnel

Note 1: San Ching Engineering Co., Ltd. was acquired by the Company in May 2022 and became the Company's subsidiary.

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(2) Significant transactions with the related parties

The Company's related party transactions would not be disclosed when the individual amount is less than 3 million.

A. Cash in banks and short-term loans

		For the year ended December 31, 2023			
Name of the related parties	Type	Maximum amount	Ending balance	Interest rate	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,722,729	\$1,703,560	0.51%	\$9,317
	Checking accounts	2,884,685	7,026	-	-
	Securities accounts	1,098,654	37,140	0.01%	5
	Short-term loan	2,420,000	800,000	1.93%	(19,580)

		For the year ended December 31, 2022			
Name of the related parties	Type	Maximum amount	Ending balance	Interest rate	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,795,589	\$1,755,869	0.01%~0.26%	\$1,331
	Checking accounts	2,536,518	106,970	-	-
	Securities accounts	1,098,476	64,629	0.01%	6
	Short-term loan	620,000	620,000	1.65%	(10,472)

B. Purchase

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
San Ching Engineering	Building constructing or expansion	\$3,512,915	\$3,222,474
San Ching Engineering	Compensation for relocation	4,963	-
Others:			
Cathay United Bank	Management fee of trust service	5,053	5,026
Cathay United Bank	Compensation for relocation	-	236,530
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	6,720
Total		\$3,529,651	\$3,470,750

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- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Company and San Ching Engineering was NT\$19,909,151 thousand and NT\$14,231,767 thousand as of December 31, 2023 and 2022, respectively.

C. Sales

a. Sales revenue

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Sanchong Realty	Sales of construction land	\$-	\$3,471,000

The transaction price and collection terms above were not significantly different from those with the non-related parties.

b. Rental income

Name of the related parties	Type	For the years ended December 31,		
		2023	2022	
Subsidiary:				
Cathay Hospitality	Office and vehicles rental	\$32,797	\$32,489	
Cathay Hospitality Consulting	Office and vehicles rental	37,586	34,757	
Others:				
Cathay Life Insurance	Office and vehicles rental	6,609	7,566	
Cathay United Bank	Office rental	18,180	18,069	
Total		\$95,172	\$92,881	

The rental period is 2 to 5 years and rents are collected monthly according to the contract.

D. Notes and accounts payable – related parties

The debt between the Company and the related parties (both uninterested) are as follows:

Name of the related parties	As of December 31,	
	2023	2022
Subsidiary:		
San Ching Engineering	\$1,373,956	\$614,128
Others:		
Cathay United Bank	139	44,924
Total	\$1,374,095	\$659,052

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E. Lease - related parties

a. Right-of-use assets

		As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance		\$24,938	\$8,249

The Company acquired right-of-use assets from Cathay Life Insurance amounting to NT\$33,251 thousand and NT\$1,246 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Lease liabilities

		As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance		\$25,088	\$8,327

c. Interest expenses

		For the years ended December 31,	
		2023	2022
Others:			
Cathay Life Insurance		\$379	\$248

F. Others

a. Other receivables

Name of the related parties	Type	As of December 31,	
		2023	2022
Subsidiary:			
Zhulun Realty	Business commission fee	\$-	\$8,863

b. Refundable deposits

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Rent deposit	\$4,414	\$4,086
Lin Yuan Investment	Joint construction deposit	8,000	12,000
Total		\$12,414	\$16,086

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c. Guarantee deposits

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay United Bank	Rent deposit	\$4,482	\$4,482

- d. In 2023, the Company signed a housing contract for pre-sale construction with its related parties, Hsien Fang Capital Co., Ltd., Cheng Dao Capital Co., Ltd. and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand, signed a housing contract for pre-sale construction with its related parties, ○○, Hsu, in the total amount of NT\$35,130 thousand, and in 2022, signed a housing contract for pre-sale construction with its related parties, Wanda Investment Co., Ltd., in the total amount of NT\$789,480 thousand.

G. Other income

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Bannan Realty	Business commission fee	\$6,429	\$6,429
Sanchong Realty	Business commission fee	11,750	13,450
Zhulun Realty	Business commission fee	8,333	8,863
Others:			
Cathay Life Insurance	Management fee and planning fee	4,119	3,980
Cathay United Bank	Management fee and planning fee	4,890	4,847
Nangang One	Consulting service	-	28,160
Nangang Two	Consulting service	-	35,840
Total		\$35,521	\$101,569

H. Operating costs

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Lin Yuan Property	Management and repair and maintenance expenses for rental buildings	\$49,072	\$40,677
Others:			
Cathay Century	Insurance expense for rental buildings	6,306	6,723
Total		\$55,378	\$47,400

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I. Service fee

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
San Ching Engineering	Repairs and maintenance expense, construction and maintenance projects	\$14,782	\$-

J. Operating expenses

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Costs sharing for management fee and utilities	\$2,907	\$3,222
Cathay-Cultural Foundation	Donation	-	5,000
Total		\$2,907	\$8,222

K. Property transaction

The property transaction between the Company and the related parties are as follows:

For the year ended December 31, 2023: None.

For the year ended December 31, 2022:

Acquisition of financial assets

Name of the related parties	Items	Shares	Subject matter	Purchase price
Others:				
Lin Yuan Investment	Investment accounted for using equity method	10,000,000	Shares of San Ching Engineering	\$300,000
Wanda Investment	"	10,000,000	"	300,000
Baixing Investment	"	10,000,000	"	300,000
Yi Ru Enterprise	"	10,000,000	"	300,000
Wei Don Enterprise	"	10,000,000	"	300,000
Wei Lin Enterprise	"	10,000,000	"	300,000
Total		60,000,000		\$1,800,000

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L. Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$32,552	\$35,565
Post-employment benefits	216	232
Total	<u>\$32,768</u>	<u>\$35,797</u>

8. Pledged assets

The following assets were pledged to banks as collaterals for bank loans:

Items	As of December 31,		Secured liabilities
	2023	2022	
Inventories	\$5,880,000	\$6,405,600	Short-term loan & Long-term loan
Real estate	7,638,372	7,638,372	Short-term loan & Long-term loan
Total	<u>\$13,518,372</u>	<u>\$14,043,972</u>	

Pledged or mortgaged assets are expressed in terms of collateral amounts.

9. Significant commitments and contingent liabilities

(1) Significant contract

Except for the information stated in Note 7.2. (2), the total amount of the construction contracts signed by the Company with non-related parties was NT\$8,960,952 thousand, in which NT\$3,518,308 thousand was unpaid as of December 31, 2023.

(2) Others

Guarantee notes issued for borrowings (financing) were NT\$43,539,200 thousand as of December 31, 2023.

10. Significant disaster losses

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

Financial Assets

	As of December 31,	
	2023	2022
Financial assets measured at fair value through other comprehensive income	\$3,420,054	\$3,206,379
Financial assets at amortized cost:		
Cash and cash equivalents	3,110,211	7,089,526
Notes receivable	21,913	37,966
Accounts receivable	691,447	5,536
Other receivables	2,439	11,163
Refundable deposits	642,150	1,088,673
Subtotal	4,468,160	8,232,864
Total	<u>\$7,888,214</u>	<u>\$11,439,243</u>

Financial Liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loan	\$9,825,000	\$11,800,000
Short-term notes payable	1,498,104	1,994,580
Accounts payables	2,600,331	1,898,545
Long-term loans (including current portion)	19,960,241	18,421,550
Lease liabilities	31,634	21,793
Guarantee deposits	126,674	105,519
Total	<u>\$34,041,984</u>	<u>\$34,241,987</u>

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the above-mentioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market price. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instrument).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, and there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Company mainly engaged in various business activities in Taiwan, and the foreign currency held is not significant. Therefore, the Company's risk due to changes in foreign currency exchange rates is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments with bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$11,323 thousand and NT\$13,795 thousand for the years ended December 31, 2023 and 2022, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investments according to level of authority.

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When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$146,327 thousand and NT\$127,936 thousand for the years ended December 31, 2023 and 2022 on the profit/loss or equity attributable to the Company.

Please refer to Note 12. (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for Accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023 and 2022, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks, financial institutions and companies with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank loans and issuance of corporate bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted

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payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	As of December 31, 2023				
	Less than				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
Borrowings	\$19,282,703	\$12,152,005	\$458,316	\$-	\$31,893,024
Accounts payables	2,600,331	-	-	-	2,600,331
Lease liabilities	20,968	10,666	-	-	31,634
Guarantee deposits	60,831	17,309	7,320	41,214	126,674

	As of December 31, 2022				
	Less than				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
Borrowings	\$18,248,078	\$12,859,597	\$1,683,572	\$-	\$32,791,247
Accounts payables	1,898,545	-	-	-	1,898,545
Lease liabilities	15,247	6,546	-	-	21,793
Guarantee deposits	56,096	19,612	6,572	23,239	105,519

(6) Reconciliation of liabilities arising from financing activities

Reconciliations of the liabilities for the year ended December 31, 2023:

	Long-term loans					Total liabilities
	Short-term	Short-term	(including	Lease	Other	Total liabilities
	loan	notes payable	current	liabilities	non-current	from financing
			portion)		liabilities	activities
As of January 1, 2023	\$11,800,000	\$1,994,580	\$18,421,550	\$21,793	\$187,085	\$32,425,008
Cash flows	(1,975,000)	(496,476)	1,538,691	(23,981)	18,067	(938,699)
Non-cash changes						
Interest on lease liabilities	-	-	-	571	-	571
Other (Note)	-	-	-	33,251	421	33,672
As of December 31, 2023	\$9,825,000	\$1,498,104	\$19,960,241	\$31,634	\$205,573	\$31,520,552

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities and other non-current liabilities that meet the lease recognition requirements.

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Reconciliations of the liabilities for the year ended December 31, 2022:

			Long-term loans (including current portion)	Lease liabilities	Other non- current liabilities	Total liabilities from financing activities
	Short-term loan	Short-term notes payable				
As of January 1, 2022	\$10,770,000	\$1,958,065	\$12,228,685	\$35,955	\$181,149	\$25,173,854
Cash flows	1,030,000	36,515	6,192,865	(28,817)	614	7,231,177
Non-cash changes						
Interest on lease liabilities	-	-	-	375	-	375
Other (Note)	-	-	-	14,280	5,322	19,602
As of December 31, 2022	<u>\$11,800,000</u>	<u>\$1,994,580</u>	<u>\$18,421,550</u>	<u>\$21,793</u>	<u>\$187,085</u>	<u>\$32,425,008</u>

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities and other non-current liabilities that meet the lease recognition requirements.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, Accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- Equity instruments that are not actively traded in the market (including shares of publicly issued companies in an inactive market, and shares of undisclosed companies) are estimated by market method and are derived from market transactions of the same or comparable company equity instruments. The fair value is derived from the price and other relevant information (such as lack of liquidity discount factor, similar company stock price-to-earnings ratio, similar company's stock price-to-equity ratio).

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B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial instruments measured at amortized cost (including cash and cash equivalents, receivables, payables and other current liabilities) measured at amortized cost approximate their fair value.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Stocks	<u>\$2,926,542</u>	<u>\$-</u>	<u>\$493,512</u>	<u>\$3,420,054</u>

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Stocks	<u>\$2,558,725</u>	<u>\$-</u>	<u>\$647,654</u>	<u>\$3,206,379</u>

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The Company had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset measured at fair value through other comprehensive income- stocks	
	2023	2022
Beginning balance	\$647,654	\$355,116
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(154,142)	(89,497)
Additions	-	449,550
Disposals	-	(67,515)
Ending balance	<u>\$493,512</u>	<u>\$647,654</u>

Total gains and losses recognized in profit or loss is NT\$154,142 thousand loss and NT\$28,954 thousand loss for the years ended December 31, 2023 and 2022, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets					
measured at fair value					
through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$66,972 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$2,555 thousand

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As of December 31, 2022

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$66,892 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$2,560 thousand

(9) Significant assets and liabilities denominated in foreign currencies

The Company did not hold major foreign currency financial assets and liabilities as of December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information on significant transactions

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None

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No.	Items	Table
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 1
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	Table 2
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	Table 3
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 4
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	None
I	Derivative financial instruments undertaken	None
J	Significant intercompany transactions between consolidated entities	Table 5

(2) Information on investees

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 6
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	None
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	None
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 7
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	Table 8
I	Derivative financial instruments undertaken	None
J	Names, locations and related information of investee companies	Table 9

(3) Investment in Mainland China: None.

(4) Information on Major Shareholders: Please refer to Table 10.

14. OPERATING SEGMENT INFORMATION

The Company is not required to prepare operating segment information according to Article 22, Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company has disclosed the operating segment information in the consolidated financial statement.

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Table 1: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	63,968,129	\$2,926,542	0.44%	\$2,926,542	
"	Stock — Gong Cheng Industrial Co. Ltd.	None	Financial assets at fair value through other comprehensive income—non-current	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,501	10.00%	25,501	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	78,828	1.72%	78,828	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	27,465,000	178,797	7.85%	178,797	
"	Stock — Nangang International Two Co., Ltd.	Others	"	32,460,000	210,341	8.12%	210,341	

Note : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 2: Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital

(Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Transaction Amount (Contract Price)	Status of Payment (Tax Included)	Counterparty	Relationship with the counterparty	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	2 parcels of land including Land No. 475, Changming Section, Nantun District, Taichung City	2023.07.07	\$725,873	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Changming Section, Nantun District	None
Cathay Real Estate Development Co., Ltd.	Land No. 1013 and 1014, Beiuan Section, North Dist., Tainan City	2023.09.08	920,000	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Beiuan Section, North District	None
Cathay Real Estate Development Co., Ltd.	2 parcels of land (including superficies), including Land No. 10, Wanhe Section, Sanmin District, Kaohsiung City	2023.12.15	1,000,000	Installment by agreement	Legal entity	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Land held for construction site in Wanhe Section, Sanmin District, including buildings	None

Table 3: Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital

Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Date of original acquisition	Carrying Amount	Transaction Amount (Contract Price)	Status of proceeds collection	Gain(Loss) from disposal	Counterparty	Relationship with the counterparty	Purpose of Acquisition and Current Condition	References for Determining Price	Others
Cathay Real Estate Development Co., Ltd.	81 parcels of public facilities reservations in 9 administrative districts including Zhongshan District	2023.04.26-2023.10.06	1979.08.20	\$2,423	\$735,946	Installment by agreement	\$733,523	New Construction Engineering Office, Public Works Department, Taipei City Government	None	For the consideration of overall operation	1. Refer to the report of a professional real estate appraiser.	None

Table 4: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Subsidiary	Construction-in-progress	\$3,517,878	36.15%	Not applicable	\$-	-	\$(1,373,956)	57.50%	Note 2

Note 1 : The notes/accounts payable of parent company only financial statements.

Note 2 : Offset during the preparation of consolidated financial statements.

Note 3: The Company signed a housing contract for pre-sale construction with its related parties, Hsien Famg Capital Co., Ltd., Cheng Dao Capital Co., Ltd. and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand.

Table 5: Significant intercompany transactions between consolidated entities

(Expressed in thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counterparty	Transaction				
			Relationship (Note 2)	Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other non-current liability-deferred credits-gains on Inter-affiliate accounts	13,211	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain-realized gain from inter-affiliate accounts	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	95	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Rental Income	179	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	67	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	58	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental Income	159	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	36	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	42	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	3	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	600	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	29	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental Income	425	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	138	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	102	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Construction cost	2	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Operating expenses-entertainment expenses	119	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts payable to related parties	807	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	876	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental Income	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Lease costs	49,072	Regular	0.32%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	83	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-service fee	9	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-advertising fee	198	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Temporary debits	786	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,199	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental Income	168	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Land held for construction site	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,429	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental Income	96	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Rental Income	150	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Guarantee deposits received	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Land held for construction site	56,202	Regular	0.07%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Other income	11,750	Regular	0.08%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Rental Income	175	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Guarantee deposits received	57	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other income	8,333	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	1	Other income	11	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts payable to related parties	1,373,956	Regular	1.68%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Other income	2,780	Regular	0.02%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Temporary credits	557	Regular	0.00%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Receipts under custody	10,710	Regular	0.01%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Other income for hotel and restaurant services	28,986	Regular	0.19%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Others receivables	12,169	Regular	0.01%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Assets	32,163	Regular	0.04%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Liability	928,993	Regular	1.13%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts Receivable-related parties	2,002,652	Regular	2.44%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Construction income	3,655,321	Regular	23.61%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Engineering costs	3,405,634	Regular	22.00%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Contract Liability	250,895	Regular	0.31%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Accounts Receivable-related parties	59,136	Regular	0.07%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Construction income	515,481	Regular	3.33%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Engineering costs	514,656	Regular	3.32%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Contract Assets	27,998	Regular	0.03%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Construction income	27,998	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Engineering costs	27,124	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Contract Assets	40,198	Regular	0.05%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Construction income	40,198	Regular	0.26%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Engineering costs	40,009	Regular	0.26%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Receivable-related parties	21,178	Regular	0.03%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Others receivables	1,179	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts payable to related parties	375	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other payable	629	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	3	Accounts payable to related parties	924	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Repairs and maintenance income	345	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Technical service income	643	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Income for building management and maintenance fee	3,611	Regular	0.02%
4	Lin Yuan Property Management Co., Ltd.	Cymbal Medical Network Co., Ltd.	3	Income for building management and maintenance fee	89	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	San Ching Engineering Co., Ltd.	3	Income for building management and maintenance fee	26,261	Regular	0.17%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Income for building management and maintenance fee	1,467	Regular	0.01%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Repairs and maintenance income	165	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Management Co., Ltd.	3	Income for building management and maintenance fee	354	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other operating income	3,004	Regular	0.02%

Note1 : The Company and its subsidiaries are coded as follows :

- (1) The Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note2 : The Types of the transactions are coded as follows:

- (1) The Company to subsidiaries is coded "1".
(2) Subsidiaries to The Company is coded "2".
(3) Subsidiaries to Subsidiaries is coded "3".

Note3 : The calculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calculated by the ending balance for the consolidated assets.
If it recognized to profit or loss and it should be calculated by the ending balance for the consolidated revenue.

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Table 6: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stock — Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—non-current	35,000	\$227	0.01%	\$227	
"	Stock — Nangang International Two Co., Ltd.	Others	"	40,000	259	0.01%	259	
San Ching Engineering Co., Ltd	Stock — China Construction Management Co., Ltd	None	"	1,400,000	11,326	5.48%	11,326	

Note : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 7: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Jinhua Realty Co., Ltd.	San Ching Engineering Co., Ltd	Others	Construction-in-progress	\$633,600	94.81%	Not applicable	\$-	-	\$-	-	
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	Construction project	(3,655,321)	44.22%	Not applicable	-	-	2,002,652	96.22%	
San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	Others	Construction project	(515,481)	6.24%	Not applicable	-	-	59,136	2.84%	
San Ching Engineering Co., Ltd	Cathay Life Insurance Co., Ltd.	Others	Construction project	(3,535,990)	42.78%	Not applicable	-	-	-	-	
Lin Yuan Property Management Co., Ltd.	Cathay Life Insurance Co., Ltd.	Others	Technical services and repairs and maintenance services	(1,018,269)	64.97%	90 days	-	-	2,343	7.48%	

Note 1 : The notes/accounts payable of parent company only financial statements.

Note 2 : Offset during the preparation of consolidated financial statements.

Table 8: Accounts receivable from related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Company with accounts receivable	Counterparty	Relationship with the counterparty	Balance of accounts receivable from related parties	Turnover ratio	Overdue accounts receivable from related parties		Accounts receivable from related parties recovered after the period	Amount of provision for doubtful debts	Note
					Amount	Method			
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	\$2,002,652	-	\$-	-	\$459,197	-	Note 1

Note 1: The accounts receivable were mainly arising from revenue of construction projects and advance payment for construction projects.

Note 2 : Offset during the preparation of consolidated financial statements.

Table 9: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2023	Balance at December 31, 2022	Number of shares	Percentage	Carrying Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$139,517	\$42,688	42,688	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	647,572	152,605	129,730	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,740,000	1,740,000	25,000,000	100.00%	63,758	(34,486)	(30,222)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,300,000	1,300,000	60,000,000	100.00%	128,441	(38,064)	(32,298)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	350,000	35,000,000	100.00%	172,373	(75,346)	(75,346)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	73,857	90,507	46,180	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	337,027	(3,161)	(1,612)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	586,500	586,500	58,650,000	51.00%	575,544	(5,087)	(2,594)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	1,834,800	1,716,000	183,480,000	66.00%	1,761,939	(13,077)	(8,632)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	204,000	204,000	20,400,000	51.00%	196,953	(6,536)	(3,333)	Subsidiary
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	ROC	Construction Contractor	2,400,000	2,400,000	120,000,000	100.00%	2,978,397	736,476	603,115	Subsidiary
Cathay Real Estate Development Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	67,515	67,515	5,489,000	11.00%	95,494	481,930	53,012	Associate
Cathay Real Estate Development Co., Ltd.	San Hsiung Fongshan LaLaport Co., Ltd.	ROC	Department stores industry	204,000	150,000	204,000,000	30.00%	176,352	(100,893)	(30,268)	Associate
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	ROC	Service industry	115,000	15,000	11,500,000	100.00%	131,671	16,665	Note 3	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	120,000	12,000,000	100.00%	76,140	(16,079)	Note 4	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	140,000	14,000,000	100.00%	92,457	(23,282)	Note 4	Subsidiary
San Ching Engineering Co., Ltd.	Cathay Power Inc	ROC	Solar-power generation industry	1,381,433	1,381,433	111,113,100	30.00%	1,432,891	235,441	70,803	Associate
San Ching Engineering Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	244,770	244,770	19,022,000	38.12%	328,579	481,930	183,713	Associate

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investee could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules:

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should filled in each investee net income.

(3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss.

Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

Note 3: The investment gains and losses have been recognized under equity method by Cathay Hospitality Consulting Co., Ltd.

Note 4: The investment gains and losses have been recognized under equity method by Cymbal Medical Network Co., Ltd.

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Table 10: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Percentage of Ownership (%)
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

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THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Cash on hand and petty cash		\$763	
Bank deposits		2,409,819	
Cash equivalents	Due date: January 9, 2024 Interest rate: 1.17%~1.21%	700,392	
Total		<u>\$3,110,974</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

2. Statement of Financial Assets at Fair Value through Other Comprehensive Income - Current

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Financial Instruments	Description	Number of shares	Par Value (NT\$)	Total	Interest Rate	Acquisition	Accumulated	Fair Value		Note
								Unit Price (NT\$)	Total	
Stock										
Cathay Financial Holdings Co., Ltd.	Listed stock	63,968,129	\$10	\$639,681	-	<u>\$2,323,838</u>	Not applicable	\$45.75	<u>\$2,926,542</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Rent	Promissory note for rent	\$21,913	
Less: loss allowance		-	
Net		<u>\$21,913</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
<u>Third parties</u>			
Sales of real estate		\$690,126	
Rent		96	
Others		905	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		691,127	
Less: loss allowance		-	
Net		691,127	
<u>Related parties</u>			
Other		320	The amount of individual item in others does not exceed 5% of the account balance.
Less: loss allowance		-	
Net		320	
Total		\$691,447	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Land held for construction site	Buildings and land	\$8,327,074	\$17,307,416	Evaluation based on the lower of cost and net realizable value
Construction-in-progress		25,102,298	65,523,224	Evaluation based on the lower of cost and net realizable value
Buildings and land held for sale		4,567,716	5,729,660	Please refer to Statement 5.1.
Subtotal		37,997,088	88,560,300	Evaluation based on the lower of cost and net realizable value
Prepayment for land purchases		1,183,889	1,183,889	It is presented at cost; however, the Company's building prices for sale are greater than the estimated costs of buildings and land.
Net		<u>\$39,180,977</u>	<u>\$89,744,189</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5.1. Statement of Inventories — Construction in Progress—Buildings and Land

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Project name	Beginning Balance as of January 1, 2023	Addition Cost of Construction	Reduction (Transfer to Building and land held for sale)	Ending balance as of December 31, 2023	Note
Taoyuan City Central Road Section 2	\$2,028,516	\$418,121	\$-	\$2,446,637	
Liberty Stationery Corp	2,337,425	790,440	-	3,127,865	
Cathay Xi Jing	1,238,975	292,562	-	1,531,537	
Cathay Shi Mei	1,357,863	139,131	-	1,496,994	
Cathay Su	7,008	1,335,605	-	1,342,613	
Cathay THE PARK	1,696,514	317,794	-	2,014,308	
Cathay MOST+	2,342,925	601,920	-	2,944,845	
Cathay Sen Lin Hui	20,881	1,279,927	-	1,300,808	
Cathay Yi He	1,194,124	248,494	-	1,442,618	
Cathay Feng He	1,106,983	293,636	1,400,619	-	
Cathay Feng Shuo	2,311,933	497,399	2,809,332	-	
Cathay Chuan Qing	1,389,095	614,767	2,003,862	-	
Cathay Huai Wei Feng Nian	994,134	741,133	1,735,267	-	
Others	3,599,593	3,854,480	-	7,454,073	
Total	<u>\$21,625,969</u>	<u>\$11,425,409</u>	<u>\$7,949,080</u>	<u>\$25,102,298</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

6. Statement of changes in Financial Asset Measured at Fair Value through Other Comprehensive Income - Non-Current

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Beginning Balance as of January 1, 2023		Addition		Disposal		Unrealized evaluation gains and losses	Ending balance as of December 31, 2023		Guarantee or pledged	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Amount	Shares	Fair Value		
Stock											
Gong Cheng Industrial Co., Ltd.	1,580,083	\$-	-	\$-	-	\$-	\$-	1,580,083	\$-	None	
MetroWalk international Co., Ltd.	3,448,276	108,586	-	-	-	-	(29,758)	3,448,276	78,828	"	
Gian Feng Investment Co., Ltd.	2,000,000	25,551	-	-	-	-	(50)	2,000,000	25,501	"	
Budworth Investment Limited	30,314	45	-	-	-	-	-	30,314	45	"	
Nangang International One Co., Ltd.	27,465,000	232,809	-	-	-	-	(54,012)	27,465,000	178,797	"	
Nangang International Two Co., Ltd.	32,460,000	280,663	-	-	-	-	(70,322)	32,460,000	210,341	"	
Total		<u>\$647,654</u>		<u>\$-</u>		<u>\$-</u>	<u>\$(154,142)</u>		<u>\$493,512</u>		

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

7. Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Beginning Balance as of January 1, 2023			Addition		Disposal		Ending balance as of December 31, 2023			Market Value		Guarantee or pledged	Note
	Shares	Percentage of Ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Unit Price (NTD) (Note 10)	Amount		
Cathay Real Estate Management Co., Ltd.	5,000,000	100.00%	\$129,694	-	\$42,688 (Note 1)	-	\$32,865 (Notes 2 and 5)	5,000,000	100.00%	\$139,517	\$27.90	\$139,517	None	
Cathay Healthcare Management Co., Ltd.	46,750,000	85.00%	620,212	-	130,724 (Notes 1 and 5)	-	103,364 (Note 2)	46,750,000	85.00%	647,572	13.85	647,572	None	
Cathay Hospitality Management Co., Ltd.	50,000,000	100.00%	94,135	-	-	25,000,000	30,377 (Notes 1 and 6)	25,000,000	100.00%	63,758	1.32	63,758	None	
Cathay Hospitality Consulting Co., Ltd.	60,000,000	100.00%	160,739	-	-	-	32,298 (Note 1)	60,000,000	100.00%	128,441	1.25	128,441	None	
Cymbal Medical Network Co., Ltd	35,000,000	100.00%	247,719	-	-	-	75,346 (Note 1)	35,000,000	100.00%	172,373	4.92	172,373	None	
Lin Yuan Property Management Co., Ltd.	1,530,000	51.00%	60,421	-	46,180 (Note 1)	-	32,744 (Notes 2 and 5)	1,530,000	51.00%	73,857	48.25	73,857	None	
Jinhua Realty Co., Ltd.	40,800,000	51.00%	338,639	-	-	-	1,612 (Note 1)	40,800,000	51.00%	337,027	9.00	337,027	None	
Bannan Realty Co., Ltd.	58,650,000	51.00%	578,138	-	-	-	2,594 (Note 1)	58,650,000	51.00%	575,544	9.81	575,544	None	
Sanchong Realty Co., Ltd	171,600,000	66.00%	1,651,771	11,880,000	118,800 (Note 4)	-	8,632 (Note 1)	183,480,000	66.00%	1,761,939	10.60	1,761,939	None	
Zhulun Realty Co., Ltd.	20,400,000	51.00%	200,286	-	-	-	3,333 (Note 1)	20,400,000	51.00%	196,953	9.65	196,953	None	
San Ching Engineering Co., Ltd	120,000,000	100.00%	2,759,891	-	646,864 (Notes 1, 3, 5, 7 and 9)	-	428,358 (Notes 2, 6 and 8)	120,000,000	100.00%	2,978,397	25.79	2,978,397	None	
Symphox information Co., Ltd.	5,489,000	11.00%	63,587	-	64,414 (Notes 1, 3, 5, 7 and 9)	-	32,507 (Notes 6 and 8)	5,489,000	11.00%	95,494	14.73	95,494	None	
San Hsiung Fongshan LaLaport Co., Ltd.	150,000,000	30.00%	152,620	54,000,000	54,000 (Note 4)	-	30,268 (Note 1)	204,000,000	30.00%	176,352	1.17	176,352	None	
Total			<u>\$7,057,852</u>		<u>\$1,103,670</u>		<u>\$814,298</u>			<u>\$7,347,224</u>		<u>\$7,347,224</u>		

NOTE 1 : Share of profit or loss of subsidiaries, associates and joint ventures and profit or loss from IFRS 16.

NOTE 2 : Cash dividend from Investee.

NOTE 3 : Recognition of cumulative translation adjustment of Investee.

NOTE 4 : Increase of the investment in the current period.

NOTE 5 : Remeasurements of defined benefit plans.

NOTE 6 : Adjustment of unrealized gain or loss on financial instrument

NOTE 7 : Revaluation surplus of properties of investees.

NOTE 8 : Adjustments of changes of investees.

NOTE 9: Additional paid-in capital on investee company.

NOTE 10: The par value per share of all investments under equity method are NT\$10, except for San Hsiung Fongshan LaLaport Co., Ltd. with NT\$1 per share.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

8. Statement of Changes in Right-of-use Assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

9. Statement of Changes in Accumulated Depreciation of Right-of-use Assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Guarantee deposits paid			
<u>Third parties</u>			
Muzha	Deposit	\$98,170	
Beitou Daye Rd	Deposit	172,209	
Co-construction Project of Cathay ChuanQing	Deposit	44,860	
Dunnan Lin Yuan	Deposit	59,844	
Beitou Cathay Yong-cui	Deposit	74,710	
Sanchong	Deposit	55,260	
Other		124,683	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		629,736	
<u>Related parties</u>			
Other	Deposit of Rent and construction	12,414	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		12,414	
Total		642,150	
Land held for construction site	The farm required in the name of third party	18,425	
Prepaid equipment		185,639	
Other non-current assets		16,264	
Total		\$862,478	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Type	Bank	Ending balance as of December 31, 2023	Period	Interest rate	Limited	Guarantee or pledged	Notes
Unsecured bank loans	First Bank	\$1,575,000	Aug. 2023 to Aug. 2024	1.76%~2.30%	\$1,579,000	None	Association guarantor is the Chairman of the Company
	Hua Nan Bank	500,000	Dec. 2023 to Mar. 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Mega Bank	300,000	Dec. 2023 to Mar. 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Mizuho Bank	1,450,000	Aug. 2023 to Jun. 2024	1.76%~2.30%	1,450,000	None	Association guarantor is the Chairman of the Company
	Agricultural Bank of Taiwan	500,000	May 2023 to May 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Bank of China	1,500,000	Aug. 2023 to Jan. 2024	1.76%~2.30%	1,500,000	None	Association guarantor is the Chairman of the Company
	Chang Hwa Commercial Bank	1,000,000	May 2023 to Dec. 2024	1.76%~2.30%	1,000,000	None	Association guarantor is the Chairman of the Company
	DBS Bank	1,200,000	Dec. 2023 to Nov. 2024	1.76%~2.30%	1,200,000	None	Association guarantor is the Chairman of the Company
	Taishin International Bank	1,000,000	Oct. 2023 to Apr. 2024	1.76%~2.30%	1,000,000	None	Association guarantor is the Chairman of the Company
	Subtotal	9,025,000					
Secured bank loans	Cathay United Bank	800,000	Oct. 2023 to Mar. 2024	1.76%~2.30%	3,718,310	Investment property	Association guarantor is the Chairman of the Company
	Total	\$9,825,000					

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Bank	Period	Interest rate	Amount			Note
				Issued amount	unamortized discount	Book value	
Short-term notes	The Shanghai Commercial & Savings Bank	Sep. 2023 to Mar. 2024	1.60%~1.94%	\$500,000	\$1,470	\$498,530	
		Mega Bills					
		Dec. 2023 to Jan. 2024	1.60%~1.94%	1,000,000	426	999,574	
		Total		<u>\$1,500,000</u>	<u>\$1,896</u>	<u>\$1,498,104</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Advance Real Estate Receipts			
Cathay Feng Shuo		\$337,139	
Cathay Chuan Qing		384,918	
Cathay Yong Cui		491,360	
Cathay He He		349,471	
Cathay Shi Mei		373,727	
Cathay You Yong		344,425	
Cathay Huai Wei Feng Nian		353,922	
Dunnan Lin Yuan		684,459	
Cathay THE PARK		512,543	
Cathay MOST+		515,571	
Cathay Pan Yun		422,868	
Cathay Yi He		449,331	
Others	Advance real estate receipts and rent	983,014	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u>\$6,202,748</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Shin Nan Natural Gas CO., Ltd	Gas construction of Cathay Panyun	\$4,725	The amount of individual item in others does not exceed 5% of the account balance.
○○, Kuo	Payment to landowners	1,100	
Other		2,814	
Total		<u>\$8,639</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
<u>Transaction with third parties</u>			
Cathay Feng Ge	Final cost payable	\$54,015	
Cathay Feng He	Final cost payable	91,546	
Cathay Feng Shuo	Final cost payable	135,532	
Cathay Chuan Qing	Final cost payable	189,125	
Cathay Huai Wei Feng Nian	Final cost payable	195,214	
Other		340,154	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,005,586</u>	
<u>Transaction with related parties</u>			
San Ching Engineering Co., Ltd.	Final cost payable and payables for warranty	1,373,956	
Other		1,448	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,375,404</u>	
Total		<u><u>\$2,380,990</u></u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Payroll and bonus payable		\$74,025	The amount of individual item in others does not exceed 5% of the account balance.
Dividend payable		34,762	
Dividend refundable		27,168	
Interest payable		26,634	
Tax payable		28,016	
Other		20,097	
Total		<u>\$210,702</u>	

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

17. Statement of Lease Liabilities

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Rental Period	Discount Rate	Ending balance as of December 31, 2023	Note
Land	Advertising land	Mar. 2021 to Jul. 2025	1.47%~1.85%	\$6,546	
Building	Office building	Jul. 2023 to Jun. 2025	2.41%	25,088	
Total				<u>\$31,634</u>	
Current				<u>\$20,968</u>	
Non-current				<u>10,666</u>	
Total				<u>\$31,634</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Interest Rate	Guarantee or pledged	Notes
Taishin International Bank		\$1,967,000	Oct. 2023 to May 2025	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Hua Nan Bank		6,250,000	Aug. 2021 to Jul. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Mega Bank		629,550	Nov. 2021 to Jul. 2027	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Chang Hwa Commercial Bank		2,150,000	Nov. 2021 to Sep. 2025	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Far Eastern International Bank		2,224,000	Aug. 2022 to Aug. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Shanghai Commercial & Savings Bank		2,999,691	Oct. 2023 to Feb. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
KGI Bank		2,540,000	Nov. 2023 to Jun. 2024	2.30%	Investment property	Association guarantor is the Chairman of the Company
DBS Bank		1,200,000	Nov. 2023 to Aug. 2026	2.30%	Inventory-construction land	Association guarantor is the Chairman of the Company
Subtotal		19,960,241				
Less : current portion		(7,580,000)				
Total		<u>\$12,380,241</u>				

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Net defined benefit liability		\$65,688	
Guarantee deposits received			
<u>Third parties</u>			
KKCompany Technologies Pte. Ltd., Taiwan Branch (Singapore)	Housing deposit	12,634	
Home Media Group Ltd.	Housing deposit	12,237	
Cite Publishing Limited	Housing deposit	11,253	
Other	Housing deposit	84,227	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		120,351	
<u>Related parties</u>			
Other	Housing deposit	6,323	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		6,323	
Total		126,674	
	Deferred credits- unrealized gains on inter-affiliate accounts	13,211	
		\$205,573	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

20. Statement of Operating Revenues

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Rental Income		\$375,147	
Land Income		4,795,339	
Building Income		1,658,674	
Total		<u>\$6,829,160</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

21. Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Lease costs		\$332,517	
Land costs		2,565,339	
Building costs		1,640,254	
Total		<u>\$4,538,110</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

22. Statement of Operating Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Selling expenses	Advertising etc.	\$230,066	The amount of individual item in others does not exceed 5% of the account balance.
Salary and wages		182,820	
Taxes		73,758	
Other expenses		121,235	
Total		<u>\$607,879</u>	

V. Consolidated Financial Report Audited and Certified by CPAs in the Most Recent Year

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended

December 31, 2023 And 2022

Report of Independent Auditors

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Representation Letter

The entities that are required to be included in the consolidated financial statements of Cathay Real Estate Development Co., Ltd. for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are all the same as those required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the relevant information that should be disclosed in the consolidated financial statements has all been disclosed in the consolidated financial statements. Consequently, Cathay Real Estate Development Co., Ltd. and its Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

By

CHANG, CHING-KUEI
Chairman

March 14, 2024

Independent Auditors' Report Translated from Chinese

To Cathay Real Estate Development Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Cathay Real Estate Development Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the report of the other auditors (please refer to Other Matter) the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report of the other auditors, 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Real Estate Sales Revenue Recognition

The Company and its subsidiaries are primarily engaged in entrusting construction company in construction and planning of public housing and commercial offices for sale. Since the Company and its subsidiaries' sales revenue is classified as operating revenue based on sale of goods, the relevant profit and loss are recognized when the ownership transferred. Due to the significance of the real estate sales revenue in the financial statements, with respect to a significant proportion within operating revenue, and need to judge and determine performance obligation and the timing of satisfaction, the real estate sales revenue is determined to be a key audit matter.

The audit procedures we performed regarding real estate sales revenue recognition included but not limited to: evaluate the appropriateness of the real estate sales revenue recognition policies; realize the transaction process and perform the tests of control on the effectiveness of control points during internal control audit; select samples to perform transaction test of details and verify major clauses and conditions in the construction contract; review the transaction conditions and confirm the appropriateness of the timing the performance obligation is recognized.

We also assess whether the Company and its subsidiaries properly disclosed information relating the real estate sales revenue in the financial statement. Please refer to Note 4 and Note 6.

Construction Revenue Recognition

The Company and its subsidiaries are primarily engaged in performing construction contracts. The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. As the estimates of percentage of completion involves making judgement and estimation and the construction revenue accounted for a significant proportion of operating revenue, which was material to the consolidated financial statements, we therefore determined the construction revenue a key audit matter.

The audit procedures we performed regarding construction revenue recognition included but not limited to: evaluate the appropriateness of the estimated percentage of completed construction and construction revenue recognition policies; understand the transaction process of the construction revenue recognition and perform the tests of assessing the effectiveness of control points during internal control audit; select samples from construction contracts not yet completed by end of the period to perform test of details and recalculate construction revenue recognized based on percentage of completion.

We also assess whether the Company and its subsidiaries properly disclose information relating the construction revenue in the financial statement. Please refer Note 4, Note 5 and Note 6.

Valuation of Construction Land

The construction land of the Company and its subsidiaries shall be measured at the lower of cost and net realized value, and the net realizable value of the construction land is determined based on the management's judgement and estimation. Due to the significance of construction land in the financial statements, the valuation of construction land is determined to be a key audit matter.

The audit procedures we performed regarding construction land valuation included but not limited to: evaluate the appropriateness of the construction land accounting policies; realize the transaction process and perform tests of control on the effectiveness of control points during internal control audit; select samples to analyze the management valuation process and the key valuation parameters, and evaluate the reasonableness on the basis of working paper and relevant documentation corresponding to construction land valuation which included in inventories.

We also assess whether the Company and its subsidiaries properly disclose information relating the construction land valuation in the financial statement. Please refer Note 4, Note 5 and Note 6.

Other Matter—Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon had furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These associates and joint ventures under the equity method amounted to NT\$1,609,243 thousand and NT\$1,533,972 thousand, respectively, representing 1.96% and 1.92% of the total assets as of December 31, 2023 and 2022, respectively. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$40,535 thousand and NT\$14,128 thousand, representing 1.64% and 0.84% of the income before tax for the years ended December 31, 2023 and 2022, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's 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 auditing standards generally accepted 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 Standards on Auditing of 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 Company and its subsidiaries 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other

We have audited and expressed an unqualified opinion including other matters and an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022.

Hsu, Jung Huang

Ma, Chun Ting

Ernst & Young, Taiwan

March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Items	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	4, 6 (1) & 7	\$5,067,592	6	\$10,842,494	14
1120	Financial assets at fair value through other comprehensive income-current	4 & 6 (2)	2,926,542	4	2,558,725	3
1140	Contract assets - current	4 & 6 (19)	171,423	-	379,481	-
1150	Notes receivable, net	4 & 6 (3), (20)	22,469	-	38,739	-
1170	Accounts receivable, net	4 & 6 (4), (20)	1,281,264	2	458,016	1
1180	Accounts receivable-related parties, net	4, 6 (4), (20) & 7	14,153	-	19,037	-
1200	Other receivables		82,685	-	80,109	-
1220	Current tax assets	4	1,025	-	219	-
130x	Inventories	4, 6 (5), 7 & 8	48,205,258	59	41,309,699	52
1410	Prepayments		365,780	-	425,350	1
1470	Others current assets	7 & 8	62,754	-	123,793	-
1480	Incremental costs of obtaining contracts-current	4 & 6 (5), (19)	1,406,064	2	1,219,857	1
11xx	Total current assets		59,607,009	73	57,455,519	72
	Non-current Assets					
1517	Financial assets at fair value through other comprehensive income-non-current	4 & 6 (2)	505,324	1	665,726	1
1550	Investments accounted for using equity method	4 & 6 (6)	2,033,316	2	1,815,568	2
1600	Property, plant and equipment	4, 6 (7) & 8	4,559,240	6	4,739,779	6
1755	Right-of-use assets	4, 6 (21) & 7	4,286,906	5	4,433,151	5
1760	Investment properties, net	4, 6 (8) & 8	9,155,140	11	8,808,563	11
1780	Intangible assets	4 & 6 (9)	51,271	-	47,298	-
1840	Deferred tax assets	4 & 6 (25)	414,391	-	412,363	1
1900	Other non-currents assets	4, 6 (10) & 7	1,409,159	2	1,711,130	2
15xx	Total non-currents assets		22,414,747	27	22,633,578	28
1xxx	Total Assets		\$82,021,756	100	\$80,089,097	100

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

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Items	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	4, 6 (11) & 7	\$10,466,600	13	\$12,445,000	16
2110	Short-term notes payable	4 & 6 (12)	2,579,334	3	4,094,613	5
2130	Contract liabilities - current	4 & 6 (19)	7,596,155	9	6,627,488	8
2150	Notes payable		23,177	-	55,974	-
2170	Accounts payable		2,116,610	3	1,270,878	2
2180	Accounts payable-related parties	7	3,281	-	48,467	-
2200	Other payable		995,669	1	1,124,670	1
2230	Current tax liabilities	4	224,512	-	235,359	-
2280	Lease liabilities-current	4, 6 (21) & 7	433,695	1	348,171	1
2300	Other current liabilities		190,207	-	153,831	-
2320	Long-term loans-current portion	4 & 6 (13)	7,580,000	9	4,150,000	5
21xx	Total current liabilities		32,209,240	39	30,554,451	38
	Non-Current Liabilities					
2540	Long-term loans	4 & 6 (13)	15,741,295	19	17,617,000	22
2570	Deferred tax liabilities	4 & 6 (25)	40,898	-	40,756	-
2580	Lease liabilities-non-current	4, 6 (21) & 7	5,254,109	7	4,887,661	6
2600	Other non-current liabilities	6 (14) & 7	243,964	-	231,294	1
25xx	Total non-current liabilities		21,280,266	26	22,776,711	29
2xxx	Total Liabilities		53,489,506	65	53,331,162	67
	Equity attributable to stockholders of the parent	4				
3100	Capital stock					
3110	Common stock	6 (15)	11,595,611	14	11,595,611	14
3200	Capital surplus	6 (16)	118,406	-	65,262	-
3300	Retained earnings	6 (17)				
3310	Legal reserve		4,831,727	6	4,723,658	6
3320	Special capital reserve		504,189	-	504,189	1
3350	Unappropriated Retained Earnings		8,824,081	11	7,491,441	9
	Total retained earnings		14,159,997	17	12,719,288	16
3400	Other equity		435,331	1	222,092	-
31xx	Total equity attributable to stockholders of the parent		26,309,345	32	24,602,253	30
36xx	Non-controlling interests	6 (18)	2,222,905	3	2,155,682	3
3xxx	Total Equity		28,532,250	35	26,757,935	33
	Total Liabilities and Equity		\$82,021,756	100	\$80,089,097	100

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

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6 (8), (19), (21) & 7	\$15,480,974	100	\$16,791,732	100
5000	Operating costs	4, 6 (5), (8), (9), (14), (21), (22), 7	(11,120,260)	(72)	(13,012,678)	(77)
5900	Gross margin		4,360,714	28	3,779,054	23
6000	Operating expenses	4, 6 (8), (9), (14), (21), (22), 7				
6200	Administrative expenses		(1,788,104)	(11)	(2,303,238)	(14)
6450	Expected credit profit (loss)	4 & 6 (20)	(48)	-	(16)	-
	Total operating expenses		(1,788,152)	(11)	(2,303,254)	(14)
6900	Operating income		2,572,562	17	1,475,800	9
7000	Non-operating income and expenses	4, 6 (23) & 7				
7100	Interest income		48,290	-	17,367	-
7010	Other revenue		140,069	1	635,216	3
7020	Other gains or losses		(117,986)	(1)	(16,357)	-
7050	Finance costs		(444,975)	(3)	(403,446)	(2)
7060	Share of profit or loss of associates and joint ventures	6 (7)	277,260	2	(20,930)	-
	Total non-operating income and expenses		(97,342)	(1)	211,850	1
7900	Income before Income tax		2,475,220	16	1,687,650	10
7950	Income tax (expense) benefit	4 & 6 (25)	(255,235)	(1)	(387,308)	(2)
8200	Net income		2,219,985	15	1,300,342	8
8300	Other comprehensive income	6 (24), (25)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		4,015	-	(24,378)	-
8316	Valuation gain (losses) on equity instruments at fair value through other comprehensive income		207,415	1	(1,353,867)	(8)
8320	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – not to be reclassified to profit or loss in subsequent periods		2,528	-	869	-
8349	Income tax related to items not be reclassified to profit or loss in subsequent periods		(803)	-	4,876	-
8360	To be reclassified to profit or loss in subsequent periods					
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method – to be reclassified to profit or loss in subsequent periods		81	-	432	-
	Other comprehensive (losses) income, net of tax		213,236	1	(1,372,068)	(8)
8500	Total comprehensive income		\$2,433,221	16	\$(71,726)	-
8600	Net income (losses) attributable to:					
8610	Shareholders of the parent		\$2,164,437	14	\$1,207,749	7
8620	Non-controlling interests		55,548	1	92,593	1
			\$2,219,985	15	\$1,300,342	8
8700	Total comprehensive income (losses) attributable to:					
8710	Shareholders of the parent		\$2,377,676	15	\$(166,038)	(1)
8720	Non-controlling interests		55,545	1	94,312	1
			\$2,433,221	16	\$(71,726)	-
	Earnings Per Share (In dollars)	6 (26)	After tax		After tax	
9750	Basic earnings per share		\$1.87		\$1.04	
9850	Diluted earnings per share		\$1.87		\$1.04	

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

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

(Expressed in thousands of New Taiwan Dollars)

Code	Items	Equity attributable to stockholders of the parent										Non-Controlling Interests	Total Equity
		Capital stock	Capital surplus	Retained earnings			Other Equity				Total		
				Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized (Losses) Gains from Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Revaluation Surplus for Property			
		3100	3200	3310	3320	3350	3410	3420	3445	3460	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$11,595,611	\$38,846	\$4,638,904	\$504,189	\$7,191,237	\$-	\$1,451,654	\$17,171	\$-	\$25,437,612	\$897,223	\$26,334,835
B1	Appropriation and distribution of earnings for the year 2021												
B5	Legal capital reserve	-	-	84,754	-	(84,754)	-	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(695,737)	-	-	-	-	(695,737)	-	(695,737)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	16,452	-	-	-	-	-	-	-	16,452	-	16,452
C17	Changes in other capital surplus	-	9,702	-	-	-	-	-	-	-	9,702	-	9,702
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,207,749	-	-	-	-	1,207,749	92,593	1,300,342
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	-	432	(1,354,056)	(20,163)	-	(1,373,787)	1,719	(1,372,068)
D5	Total comprehensive income (loss)	-	-	-	-	1,207,749	432	(1,354,056)	(20,163)	-	(166,038)	94,312	(71,726)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	262	-	-	-	-	-	-	-	262	-	262
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,164,147	1,164,147
Q1	Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	(127,054)	-	127,054	-	-	-	-	-
Z1	Balance as of December 31, 2022	11,595,611	65,262	4,723,658	504,189	7,491,441	432	224,652	(2,992)	-	24,602,253	2,155,682	26,757,935
B1	Appropriation and distribution of earnings for the year 2022												
B5	Legal capital reserve	-	-	108,069	-	(108,069)	-	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	(579,781)	-	-	-	-	(579,781)	-	(579,781)
C7	Changes in equity of associates and joint ventures accounted for using equity method	-	47,090	-	-	(143,947)	-	-	-	-	(96,857)	-	(96,857)
C17	Changes in other capital surplus	-	6,054	-	-	-	-	-	-	-	6,054	-	6,054
D1	Net income for the year ended December 31, 2023	-	-	-	-	2,164,437	-	-	-	-	2,164,437	55,548	2,219,985
D3	Other comprehensive income (loss), net of tax for the year ended December 31, 2023	-	-	-	-	-	81	206,202	3,250	3,706	213,239	(3)	213,236
D5	Total comprehensive income (loss)	-	-	-	-	2,164,437	81	206,202	3,250	3,706	2,377,676	55,545	2,433,221
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	11,678	11,678
Z1	Balance as of December 31, 2023	\$11,595,611	\$118,406	\$4,831,727	\$504,189	\$8,824,081	\$513	\$430,854	\$258	\$3,706	\$26,309,345	\$2,222,905	\$28,532,250

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

English Translation of Financial Statements Originally Issued in Chinese
CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Code	Items	2023	2022
		Amount	Amount
AAAA	Cash flows from operating activities		
A10000	Net income before tax	\$2,475,220	\$1,687,650
A20000	Adjustments:		
A20100	Depreciation	1,022,593	1,192,158
A20200	Amortization	22,499	20,778
A20300	Expected credit loss (gain)	48	16
A20900	Interest expenses	444,975	403,446
A21200	Interest income	(48,290)	(17,367)
A21300	Dividend income	(61,297)	(204,369)
A22300	Share of profit or loss of associates and joint ventures	(277,260)	20,930
A22500	Loss (gain) on disposal of property, plant and equipment	48,712	18,454
A22800	Loss (gain) on disposal of intangible assets	5	242
A23100	Loss (gain) on disposal of investments	-	(21,455)
A23700	Impairment loss on non-financial assets	52,089	-
A29900	Others	-	(281,971)
A30000	Changes in operating assets and liabilities		
A31125	Decrease (increase) in contract assets	208,058	(274,263)
A31130	Decrease (increase) in notes receivable	16,270	(17,834)
A31150	Decrease (increase) in accounts receivable	(823,296)	43,908
A31160	Decrease (increase) in accounts receivable-related parties	4,884	48,639
A31180	Decrease (increase) in other receivables	(2,234)	(79,663)
A31200	Decrease (increase) in inventories	(6,499,101)	(3,315,970)
A31230	Decrease (increase) in prepayments	66,369	49,311
A31240	Decrease (increase) in other current assets	61,039	45,137
A31270	Decrease (increase) in incremental costs of obtaining contracts	(186,207)	(334,245)
A31990	Decrease (increase) in other operating assets	89,058	(44,634)
A32125	Increase (decrease) in contract liabilities	968,668	1,214,326
A32130	Increase (decrease) in notes payable	(32,797)	(121,369)
A32150	Increase (decrease) in accounts payable	845,732	106,621
A32160	Increase (decrease) in accounts payable-related parties	(45,186)	35,255
A32180	Increase (decrease) in other payables	(126,447)	404,857
A32230	Increase (decrease) in other current liabilities	36,376	(907,244)
A33000	Cash generated by (used in) operations	(1,739,520)	(328,656)
A33100	Interests received	47,948	17,222
A33500	Income taxes paid	(269,577)	(227,910)
AAAA	Net cash generated by (used in) operating activities	(1,961,149)	(539,344)
BBBB	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(670,038)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	1,846,000
B01800	Acquisition of investment accounted for using equity method	(54,000)	(150,000)
B01900	Disposal of investments accounted for using the equity method	-	8,535
B02200	Net cash flow from acquisition of subsidiaries	-	(998,057)
B02300	Disposal of subsidiaries	-	361,024
B02700	Acquisition of property, plant and equipment	(272,326)	(1,381,436)
B02800	Disposal of property, plant and equipment	9,599	5,049
B04500	Acquisition of intangible assets	(26,477)	(31,404)
B06700	Increase in other non-current assets	-	(194,399)
B06800	Decrease in other non-current assets	301,970	-
B07600	Dividends received	80,561	204,369
BBBB	Net cash generated by (used in) investing activities	39,327	(1,000,357)
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	-	783,768
C00200	Decrease in short-term loans	(1,978,400)	-
C00600	Decrease in short-term notes payable	(1,515,279)	(805,058)
C01600	Proceeds from long-term debt	7,884,295	12,451,977
C01700	Repayment of long-term loans	(6,330,000)	(3,339,787)
C04020	Repayment of principal of lease liabilities	(437,070)	(441,327)
C04300	Increase in other non-current liabilities	16,685	-
C04400	Decrease in other non-current liabilities	-	(100,804)
C04500	Payment of cash dividends	(579,781)	(695,737)
C05600	Interests paid	(925,208)	(649,924)
C05800	Change in non-controlling interests	11,678	1,241,709
CCCC	Net cash generated by (used in) financing activities	(3,853,080)	8,444,817
EEEE	Net increase (decrease) in cash and cash equivalents	(5,774,902)	6,905,116
E00100	Cash and cash equivalents, beginning of period	10,842,494	3,937,378
E00200	Cash and cash equivalents, end of period	\$5,067,592	\$10,842,494

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Real Estate Development Co., Ltd.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023, and 2022

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

1. History and organization

Cathay Real Estate Development Co., Ltd. (the “Company”) was incorporated on December 1, 1964. The main businesses of the Group are entrusted the manufacturer to build residential and commercial buildings for leasing and selling.

The Company is located at 2F., No. 218, Sec. 2, Dunhua S. Rd., Da’an Dist., Taipei City 106, Taiwan (R.O.C.) and has been listed and traded on Taiwan Stock Exchange (TWSE) since October 1967.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 14, 2024.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments:

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January, 2024

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A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	1 January, 2023
C	Lack of Exchangeability – Amendments to IAS 21	1 January, 2025

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A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRS").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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- a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- b. exposure, or rights, to variable returns from its involvement with the investee, and
- c. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a. the contractual arrangement with the other vote holders of the investee
- b. rights arising from other contractual arrangements
- c. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. derecognizes the carrying amount of any non-controlling interest;
- c. recognizes the fair value of the consideration received;
- d. recognizes the fair value of any investment retained;
- e. recognizes any surplus or deficit in profit or loss; and
- f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- g. recognizes any resulting difference in profit or loss.

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B. The consolidated entities are listed as follows:

Investor	Subsidiaries	Main businesses	Percentage of ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Cathay Real Estate Management Co., Ltd.	Construction management	100.00%	100.00%
The Company	Cathay Healthcare Management Co., Ltd.	Consultancy	85.00%	85.00%
The Company	Cathay Hospitality Management Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cathay Hospitality Consulting Co., Ltd.	Service industry	100.00%	100.00%
The Company	Cymbal Medical Network Co., Ltd.	Wholesale of Drugs, Medical Goods	100.00%	100.00%
The Company	Lin Yuan Property Management Co., Ltd.	Apartment building management service industry	51.00%	51.00%
The Company	Jinhua Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Bannan Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	Sanchong Realty Co., Ltd.	Residential and building development leasing and sale industry	66.00%	66.00%
The Company	Zhulun Realty Co., Ltd.	Residential and building development leasing and sale industry	51.00%	51.00%
The Company	San Ching Engineering Co., Ltd.	Construction Contractor	100.00%	100.00% (Note 1)
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	Service industry	100.00%	100.00%
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	Manpower dispatch and leasing industry	100.00%	100.00%
San Ching Engineering Co., Ltd.	Xin Ri Tai Energy Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)

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Investor	Subsidiaries	Main businesses	Percentage of ownership (%)	
			December 31, 2023	December 31, 2022
San Ching Engineering Co., Ltd.	Cathay Power Inc	Solar-power generation industry	-	- (Notes 1 and 2)
Xin Ri Tai Energy Co., Ltd.	Xiyi Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Xin Ri Tai Energy Co., Ltd.	Dali Energy Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Xin Ri Tai Energy Co., Ltd.	Yonghan Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Sunrise Pv One Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Cathy Sunrise Two Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Cathy Sunrise Electric Power Two Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Baiyang Energy Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Hongsheng New Technology Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Shenlu Co., Ltd.	Self-generated renewable energy industry	-	- (Notes 1 and 2)
Cathay Power Inc.	Nanyang Electric Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)
Sunrise Pv One Co., Ltd.	Shuguang Energy Co., Ltd.	Solar-power generation industry	-	- (Notes 1 and 2)

Note 1: The Group acquired San Ching Engineering Co., Ltd, Xin Ri Tai Energy Co., Ltd and its subsidiaries, and Cathay Power Inc and their subsidiaries in May 2022. The Group had significant influence over these entities and they were consolidated into the Group.

Note 2: The Group disposed of the holding shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries in November, 2022. The Group lost significant influence over these entities and did not include them since then. Please refer to Note 6. (23).C Other gains and losses for more details regarding the disposal of subsidiary.

C. The changing of the subsidiaries:

The Company gained control over Cathay Food & Beverage Group CO., LTD and Zhulun Realty Co., Ltd. since the establishment in 2022. After acquiring 100% shares of San Ching Engineering Co., Ltd. in May 2022, the Company gained control over the entity which holds shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries. The Company consolidated the abovementioned entities on the day of acquisition.

San Ching Engineering Co., Ltd passed the resolution at the board meeting in November 2022 to exchange all of its holding shares of Xin Ri Tai Energy Co., Ltd and CM Energy Co., Ltd. to participate in the capital increase of Cathay Power Inc (exchange at net value) and sell part of its equity of Cathay Power Inc. The shareholding percentage in Cathay Power Inc was reduced to 30% after the transaction, the group therefore lost control of the above-mentioned subsidiaries and did not consolidate the above-mentioned entities.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A.Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B.Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C.Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals: (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

The following asset is classified as current. All other assets are classified as non-current:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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The following liability is classified as current. All other liabilities are classified as non-current:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturing of less than 12 months).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income on the basis of both:

- a. the Group's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, account receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

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- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

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- a. A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
 - i. For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - ii. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- a. The rights to receive cash flows from the asset have expired
- b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification of liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The main or the most advantageous market must enter by the Group to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(10) Inventories

Inventories, including construction land, construction in progress and building and land for sale, are stated at the cost in the basis of the account. The construction land transfer to property under construction during actively developed and capitalize financial cost during actively developed or construction period.

Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Group's contract incremental cost is the commission generated by the acquisition of the presold house contract. The customer's signing of the presold contract has not fulfilled the performance obligation because the goods promised to have not been transferred to the customer. According IFRS 15, the sales commission is the incremental cost of acquisition the presold house contract. When the house is transferred to the customer and fulfill the performance obligation, the incremental cost of obtaining the contract is be amortized.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture means the Group has rights to the net assets of the joint agreement.

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Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorate basis when the Group disposes of the associate or joint venture.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

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Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. The Group recognizes its interest in the jointly controlled entities using the equity method continuously.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	5 to 50 years
Leased assets	5 years
Leasehold improvements	The shorter of lease terms or economic useful lives
Right-of-use assets	1 to 20 years
Other equipment	2 to 26 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	2 to 50 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

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- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 6 years).

Trademark

The cost of trademark is amortized on a straight-line basis over the estimated useful life which is prescribed by law.

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sales of land and buildings

The Group entrusts construction companies in construction and planning of public housing is recognized as sales revenue in accordance with the IFRS 15 about the regulation of sales of goods. Therefore, the Group recognize profit and loss when the ownership transferred.

Before the recognition of the income, the down payment and installment received for the sale of the premises are recognized as contract liabilities in the current liabilities of the balance sheet.

Construction contracting

The Group is engaged in construction contracting. Since the assets are under the control of the client from the beginning of construction. The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. The degree of completion is calculated by the proportion of input cost of contract with total estimated cost of contract. Once the estimated total cost of contract is probably surpassing the estimated revenue, the Company recognized the expected loss under expense. When the performance of obligation of construction contract cannot be reliably measured, revenue is only recognized within the expected recoverable cost of fulfilling the performance obligation.

The Group measures the completion progress by the performance obligations specified in the contract and gradually recognizes contract assets during the construction process. When the group issues a bill, the amount of the bill should be recorded as account receivable. The difference between receiving amount and the recognized revenue is recognized under contract liability. The construction retention money withheld by the customer in accordance with the contract terms is intended to ensure that the Group fulfills all its contractual obligations and is recognized as a contract asset before the Group completes the performance.

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Sales of goods

The Group recognized the sales revenue when the merchandise transport to the customer and the control of merchandise transfer to the customers (The customers own the right to control the merchandise and the residual benefit to the merchandise.)

The Group recognized the account receivable when the merchandise's control transfer to the customers and has the right to charge, the account receivable usually has a short period to recover and do not have a significant financial component.

Rendering of services

The Group's service revenue mainly generated from providing consulting, accommodation and dining service. The revenue recognized when the service completed. The cost of the service recognized when the transaction occurred ; the expenses recognized in the current period in accordance with accrual basis.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Retirement benefits plans

All regular employees of The Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with The Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, The Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Group and its subsidiaries recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(21) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment-Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair values of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

C. Retirement benefits plans

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for a detailed description of the assumptions used to measure defined benefit costs and defined benefit obligations.

D. Construction contract

The recognition of construction revenue is based on the percentage of completion method whereby the input method is used to measure the degree of completion. The degree of completion is calculated by the proportion of input cost of contract with total estimated cost of contract. Since the estimation of total cost and items within the contract requires judgements from the management to consider the nature of different constructions, the calculation of percentage of completion, and construction revenue and cost may be affected.

E. Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2023, the deferred income tax assets that the Group has not recognize, please refer to Note 6 for more details.

F. Inventory evaluation

The Group must use the judgment and estimates to determine the net realizable value of the inventory at the balance sheet date, as the inventories are measured at the lower of the cost and the net realizable value. The Group assesses the amount of inventory at the balance sheet date due to market changes or no market sales value, and reduces the inventory cost to the net realizable value. This inventory evaluation is mainly based on the product demand in the specific period in the future, so it may cause significant changes. Please refer to Note 6 for more details.

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G. Accounts receivables-estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and petty cash	\$12,241	\$10,673
Checking accounts and demand deposit	3,933,274	7,494,438
Time deposits	236,700	187,200
Cash equivalent-short-term notes	885,377	3,150,183
Total	<u>\$5,067,592</u>	<u>\$10,842,494</u>

The Group's cash and cash equivalents were not pledged as collateral or restricted for uses.

(2) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instruments investments measured at fair value through other comprehensive income - current:		
Listed companies stocks	<u>\$2,926,542</u>	<u>\$2,558,725</u>
Equity instruments investments measured at fair value through other comprehensive income - non-current:		
Unlisted companies stocks	<u>\$505,324</u>	<u>\$665,726</u>

The Group's financial assets at fair value through over comprehensive income were not pledged as collateral or restricted for uses.

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The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$61,297	\$204,369
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$61,297</u>	<u>\$204,369</u>

In consideration of the Group's investment strategy, the Group's disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	\$-	\$1,913,514
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	-	(127,054)

(3) Notes receivables

	As of December 31,	
	2023	2022
Notes receivables arising from operating activities	\$22,469	\$38,739
Less: loss allowance	-	-
Total	<u>\$22,469</u>	<u>\$38,739</u>

The Group's notes receivables were not pledged as collateral or restricted for uses.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (20) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

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(4) Accounts receivable and accounts receivable -related parties

	As of December 31,	
	2023	2022
Accounts receivables	\$1,281,378	\$458,082
Less: loss allowance	(114)	(66)
Subtotal	1,281,264	458,016
Accounts receivables - related parties	14,153	19,037
Less: loss allowance	-	-
Subtotal	14,153	19,037
Total	\$1,295,417	\$477,053

The Group's accounts receivable and accounts receivable - related parties were not pledged as collateral or restricted for uses.

Accounts receivables are generally on 30-365-day terms. The book value of the accounts receivables held by the Group were NT\$1,295,531 thousand and NT\$477,119 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6. (20) for more details on impairment of accounts receivable. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	As of December 31,	
	2023	2022
Construction land	\$14,106,679	\$16,727,311
Construction in progress	28,343,287	23,453,238
Buildings and land held for sale	4,567,716	761,803
Other	3,687	3,178
Subtotal	47,021,369	40,945,530
Prepayment for land purchases	1,183,889	364,169
Total	\$48,205,258	\$41,309,699

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A. The net realizable value of the construction land held by the Group is based on the nature of the land, using either land development analysis approach, comparison method or announced current land value method. The land development analysis approach is based on the changes in land value the development and improvement bring according to the legal use and the intensity of use of the land. The approach estimates the total sales amount after development or construction, deducting the direct costs, indirect costs, capital interests and profits during the development period. The comparison method is evaluated based on the transaction price of similar lands in neighboring areas in the most recent year. The announced current land value method is based on the assessment of the current value of the land announced by the Department of Land Affairs, Ministry of the Interior.

B. Significant construction projects were as follows:

Construction Project	Total Contract Price (budget cost, excluding payment for land)	Percentage of Completion
Liberty Stationery Corp	\$2,471,862	97%
Cathay MOST+	1,890,000	59%
Cathay He He	1,104,762	58%
Cathay You Yang	1,158,464	48%
Cathay Xi Jing	1,133,333	48%
Cathay THE PARK	1,257,143	38%
Cathay You Jing	1,086,746	30%
Cathay Mei He	1,121,144	24%
Dunnan Lin Yuan	1,670,952	19%
Taoyuan City Central Road Section 2	2,057,515	18%
Cathay Pan Yun	1,127,429	16%
Cathay United Dunbei Urban Renewal Project	1,123,321	15%
Cathay Yi He	2,275,500	14%
Cathay Yong Cui	2,278,750	10%
UNi PARK	2,816,000	33%

The disclosure items regarding the significant projects listed above have not taken into account any consolidation, offsetting or adjustment.

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C. Information regarding the total interests capitalized of the inventories were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense capitalized	\$476,934	\$267,161
Interest expense before capitalization	921,909	670,607
Monthly capitalization interest rate	0.0417%~0.2943% 0.0458%~0.2033%	

D. To successfully construct and deliver the building and housing to the customers, the Group uses the following trust accounts for the construction in progress:

Construction Project	Amount	Trustee
Cathay Huai Wei Feng Nian	\$1	Cathay United Bank
Cathay Chuan Qing	0	Cathay United Bank
Cathay Feng Shuo	55	Cathay United Bank
Cathay Xi Jing	1,661	Cathay United Bank
Cathay He He	992	Cathay United Bank
Cathay You Yang	15	Cathay United Bank
Cathay You Jing	5,017	Cathay United Bank
Cathay Shi Mei	250,040	Cathay United Bank
Cathay Yong Cui	409,155	Cathay United Bank
Dunnan Lin Yuan	435,265	Cathay United Bank
Cathay Min Le	92,151	Cathay United Bank
Cathay THE PARK	134,994	Cathay United Bank
Cathay MOST+	10,014	Cathay United Bank
Cathay Sen Lin Hui	0	Cathay United Bank
Cathay Mei He	143,488	Cathay United Bank
Cathay Pan Yun	264,742	Cathay United Bank
Cathay Yi He	196,195	Cathay United Bank
Cathay Yong Cui Joint Construction Party	286,933	Cathay United Bank
UNi PARK	235,374	Cathay United Bank

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As of December 31, 2023, the Group has established a deed of trust with the bank for the construction above to help manage the funds of the presold customers paid. The trust period ends after the construction is completed and the first ownership registration of the property. The balance of the managed funds by the Group in accordance with the above trust deed is NT\$2,466,092 thousand, which is equal to the amount receivable of the presold contract. There is no delay in the delivery of the trust account.

E. The cost of inventories recognized in expenses amounts to NT\$ 4,095,918 thousand and NT\$7,797,707 thousand for the years ended to December 31, 2023 and 2022.

F. Please refer to Note 8 for more details on inventory under pledged.

G. Incremental costs of obtaining contracts

The cost occurred for the acquisition of the customer's contract is the incremental cost of the contract. The incremental cost of the contract is amortized when the house is handed over to the customers.

(6) Investments accounted for using equity method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As of December 31,			
	2023		2022	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
Investments of associates:				
Symphox Information Co., Ltd.	\$424,073	49.12%	\$281,596	49.12%
San Hsiung Fongshan LaLaport Co., Ltd.	176,352	30.00%	152,620	30.00%
Cathay Power Inc	1,432,891	30.00%	1,381,352	30.00%
Total	<u>\$2,033,316</u>		<u>\$1,815,568</u>	

A. We did not audit the financial statements of certain associates and joint ventures, which were audited by other auditors. As of December 31, 2023 and 2022, these associates and joint ventures under equity method amounted to NT\$1,609,243 thousand and NT\$1,533,972 thousand, respectively. The related shares of profits from the associates and joint venture under the equity method amounted to NT\$40,535 thousand and NT\$14,128 thousand, respectively, for the years ended December 31, 2023 and 2022.

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- B. The Group acquired 100% of San Ching Engineering Co., Ltd.'s holding shares in May 2022 and had significant influence over Symphox Information Co., Ltd., the shareholding percentage increased from 11.00% to 49.12%. The Group reclassified the investment from financial asset measured at fair value through other comprehensive income to investment under equity method.
- C. Though the Group and one of the shareholders are the largest shareholders of Symphox information Co., Ltd., however after comprehensive assessment, the Group does not own the majority voting rights as the remaining voting rights holders are able to align and prevent the Group from ruling the relevant operation. Therefore, the Group does not control but owns significant influence over the above-mentioned associates.
- D. The Group's investment in the associates were not material for the Group. The Group's associate aggregately amounted respectively to NT\$2,033,316 thousand and NT\$1,815,568 thousand, respectively, as of December 31, 2023 and 2022. The related shares of profits from the associates accounted for using the equity method were as follows:

	For the years ended December 31,	
	2023	2022
Net income (loss)	\$277,260	\$(20,930)
Other comprehensive income (after income tax)	2,609	1,301
Total comprehensive income	<u>\$279,869</u>	<u>\$(19,629)</u>

- E. The Group's investments accounted for using the equity method were not pledged as collateral or guarantee.

(7) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner occupied property, plant and equipment	\$3,599,291	\$3,815,034
Property, plant and equipment leased out under operating leases	959,949	924,745
Total	<u>\$4,559,240</u>	<u>\$4,739,779</u>

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A. Owner occupied property, plant and equipment

		Buildings	Leasehold	Other	Construction in progress and equipment awaiting examination	Total
	Land	and facilities	improvements	equipment		
Cost						
As of January 1, 2022	\$1,616,689	\$1,181,178	\$2,100,861	\$663,100	\$177,631	\$5,739,459
Additions	-	5,313	8,520	94,118	950,869	1,058,820
Acquisitions through business combinations	-	-	-	5,953,987	348,935	6,302,922
Disposals	-	-	(1,140)	(9,019)	-	(10,159)
Transfer and Other	-	-	(8,590)	244,767	(407,878)	(171,701)
Other - loss of control	-	-	-	(6,241,021)	(1,066,140)	(7,307,161)
As of December 31, 2022	1,616,689	1,186,491	2,099,651	705,932	3,417	5,612,180
Additions	-	-	1,209	41,674	103,989	146,872
Disposals	-	-	(364)	(20,529)	-	(20,893)
Transfer	-	-	-	-	(73,032)	(73,032)
As of December 31, 2023	<u>\$1,616,689</u>	<u>\$1,186,491</u>	<u>\$2,100,496</u>	<u>\$727,077</u>	<u>\$34,374</u>	<u>\$5,665,127</u>
Depreciation and impairment:						
As of January 1, 2022	\$-	\$362,622	\$693,428	\$468,447	\$-	\$1,524,497
Depreciation	-	36,317	176,754	252,559	-	465,630
Disposals	-	-	(1,140)	(8,556)	-	(9,696)
Transfer and Other	-	-	(108)	-	-	(108)
Other - loss of control	-	-	-	(183,177)	-	(183,177)
As of December 31, 2022	-	398,939	868,934	529,273	-	1,797,146
Depreciation	-	36,098	184,920	67,892	-	288,910
Disposals	-	-	(364)	(19,856)	-	(20,220)
As of December 31, 2023	<u>\$-</u>	<u>\$435,037</u>	<u>\$1,053,490</u>	<u>\$577,309</u>	<u>\$-</u>	<u>\$2,065,836</u>
Net carrying amounts:						
As of December 31, 2023	<u>\$1,616,689</u>	<u>\$751,454</u>	<u>\$1,047,006</u>	<u>\$149,768</u>	<u>\$34,374</u>	<u>\$3,599,291</u>
As of December 31, 2022	<u>\$1,616,689</u>	<u>\$787,552</u>	<u>\$1,230,717</u>	<u>\$176,659</u>	<u>\$3,417</u>	<u>\$3,815,034</u>

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B. Property, plant and equipment leased out under operating leases

	Leasehold improvements	Other equipment	Transportation equipment	Total
Cost				
As of January 1, 2022	\$417,130	\$417,237	\$117,648	\$952,015
Additions	173,739	108,310	40,567	322,616
Disposals	(36,152)	(9,564)	(17,202)	(62,918)
Transfer	160,566	2,892	-	163,458
As of December 31, 2022	715,283	518,875	141,013	1,375,171
Additions	30,740	78,971	15,743	125,454
Disposals	(83,551)	(41,970)	(24,498)	(150,019)
Transfer	54,570	18,462	-	73,032
As of December 31, 2023	<u>\$717,042</u>	<u>\$574,338</u>	<u>\$132,258</u>	<u>\$1,423,638</u>
Depreciation and impairment:				
As of January 1, 2022	\$151,777	\$187,159	\$63,735	\$402,671
Depreciation	30,417	37,253	19,855	87,525
Disposals	(16,187)	(7,135)	(16,556)	(39,878)
Transfer	108	-	-	108
As of December 31, 2022	166,115	217,277	67,034	450,426
Depreciation	36,046	51,447	20,028	107,521
Transfer	(46,980)	(27,423)	(19,855)	(94,258)
As of December 31, 2023	<u>\$155,181</u>	<u>\$241,301</u>	<u>\$67,207</u>	<u>\$463,689</u>
Net carrying amounts:				
As of December 31, 2023	<u>\$561,861</u>	<u>\$333,037</u>	<u>\$65,051</u>	<u>\$959,949</u>
As of December 31, 2022	<u>\$549,168</u>	<u>\$301,598</u>	<u>\$73,979</u>	<u>\$924,745</u>

C. The major components of the Group's buildings are mainly buildings, air-conditioning equipment and elevators, and are depreciated according to their durability years of 50, 5 and 15 years respectively.

D. The Group's Property, plant and equipment were not capitalized from financial costs.

E. Please refer to Note 8 for more details on property, plant and equipment under pledge.

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(8) Investment property

	Land	Buildings	Right-of-use assets	Total
Cost:				
As of January 1, 2022	\$5,554,426	\$4,913,558	\$297,382	\$10,765,366
Additions	-	44,634	2,698	47,332
Acquisitions through business combinations	213,968	41,311	-	255,279
Transfer	57,941	58,372	426,018	542,331
Disposals	-	-	(91,932)	(91,932)
As of December 31, 2022	5,826,335	5,057,875	634,166	11,518,376
Additions	-	38,887	642,022	680,909
Transfer	39,462	41,014	3,454	83,930
Disposals	(32,783)	(232,169)	(211,602)	(476,554)
As of December 31, 2023	<u>\$5,833,014</u>	<u>\$4,905,607</u>	<u>\$1,068,040</u>	<u>\$11,806,661</u>
Depreciation and impairment:				
As of January 1, 2022	\$-	\$2,354,150	\$186,013	\$2,540,163
Depreciation	-	119,845	110,307	230,152
Transfer	-	-	27,292	27,292
Disposals	-	-	(87,794)	(87,794)
As of December 31, 2022	-	2,473,995	235,818	2,709,813
Depreciation	-	123,007	110,703	233,710
Impairment loss	-	52,089	-	52,089
Transfer	-	-	2,641	2,641
Disposals	-	(135,130)	(211,602)	(346,732)
As of December 31, 2023	<u>\$-</u>	<u>\$2,513,961</u>	<u>\$137,560</u>	<u>\$2,651,521</u>
Net carrying amounts:				
As of December 31, 2023	<u>\$5,833,014</u>	<u>\$2,391,646</u>	<u>\$930,480</u>	<u>\$9,155,140</u>
As of December 31, 2022	<u>\$5,826,335</u>	<u>\$2,583,880</u>	<u>\$398,348</u>	<u>\$8,808,563</u>

	For the years ended December 31,	
	2023	2022
Rental income from investment property	\$450,464	\$449,023
Less: Direct operating expenses from investment property generating rental income	(84,628)	(88,946)
Direct operating expenses from investment property not generating rental income	(40,967)	(46,184)
Total	<u>\$324,869</u>	<u>\$313,893</u>

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The investment properties held by the Group were not valued at fair value. The amounts of the fair value were only for disclosure. The fair value of the investment properties held by the Group were NT\$15,024,833 thousand and NT\$14,019,301 thousand as of December 31, 2023 and 2022, respectively, which were valued by an independent external appraisal expert and internal valuation. The evaluation method was comparison method and based on the actual deal price or the market transaction price of the real estate nearby.

Please refer to Note 8 for more details on investment property under pledge.

(9) Intangible assets

	Computer software	Trademark	Other Intangible assets	Goodwill	Total
Cost:					
As of January 1, 2022	\$184,038	\$7,734	\$-	\$-	\$191,772
Addition-acquired separately	30,135	227	-	1,042	31,404
Acquisitions through business combinations	3,113	-	23,846	471,247	498,206
Disposals	(300)	-	(675)	-	(975)
Transfer	321	-	-	-	321
Other - loss of control	(4,589)	-	(23,171)	(472,289)	(500,049)
As of December 31, 2022	212,718	7,961	-	-	220,679
Addition-acquired separately	26,056	421	-	-	26,477
Disposals	(6,330)	-	-	-	(6,330)
As of December 31, 2023	<u>\$232,444</u>	<u>\$8,382</u>	<u>\$-</u>	<u>\$-</u>	<u>\$240,826</u>
Amortization and impairment:					
As of January 1, 2022	\$149,507	\$4,701	\$-	\$-	\$154,208
Amortization	19,580	441	757	-	20,778
Disposals	(58)	-	(675)	-	(733)
Other - loss of control	(790)	-	(82)	-	(872)
As of December 31, 2022	168,239	5,142	-	-	173,381
Amortization	22,016	483	-	-	22,499
Disposals	(6,325)	-	-	-	(6,325)
As of December 31, 2023	<u>\$183,930</u>	<u>\$5,625</u>	<u>\$-</u>	<u>\$-</u>	<u>\$189,555</u>
Net carrying amounts:					
As of December 31, 2023	<u>\$48,514</u>	<u>\$2,757</u>	<u>\$-</u>	<u>\$-</u>	<u>\$51,271</u>
As of December 31, 2022	<u>\$44,479</u>	<u>\$2,819</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,298</u>

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Amortization expense of intangible assets were as follows:

	For the years ended December 31,	
	2023	2022
Operating expenses	\$12,940	\$16,415
Operating costs	9,559	4,363
Total	<u>\$22,499</u>	<u>\$20,778</u>

(10) Other non-currents assets

	As of December 31,	
	2023	2022
Construction land	\$18,425	\$18,425
Prepaid expense - equipment	192,318	46,118
Refundable deposits	1,088,508	1,539,370
Other financial assets	46,400	46,400
Other non-current assets - other	63,508	60,817
Total	<u>\$1,409,159</u>	<u>\$1,711,130</u>

Due to legal restrictions, ownership of agricultural land can only be registered in the name of an individual. The above-mentioned construction land is an agricultural land acquired by the Group in the name of a third party. The details are disclosed as follows:

Items	As of December 31,		Nature of Transaction	Purpose of Transaction	Securities
	2023	2022			
Land Serial No.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City	<u>\$18,425</u>	<u>\$18,425</u>	Purchases / Sales	Development	Mortgage setting and commitment

(11) Short-term loans

	As of December 31,	
	2023	2022
Unsecured bank loans	\$9,666,600	\$11,825,000
Secured bank loans	800,000	620,000
Total	<u>\$10,466,600</u>	<u>\$12,445,000</u>
Interest rate	1.76%~2.30%	1.33%~2.30%

Please refer to Note 6. (13) for more details on the Group's unused lines of credits.

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Please refer to Note 8 for more details on investment property pledged for secured bank loans.

(12) Short-term notes payable

	As of December 31,	
	2023	2022
Short-term notes payable	\$2,582,000	\$4,101,000
Less: unamortized discount	(2,666)	(6,387)
Net	\$2,579,334	\$4,094,613
Interest rate	1.60%~2.07%	1.48%~2.10%

(13) Long-term loans

Nature of Borrowings	As of December 31, 2023	Interest Rate (%)	Maturity date and terms of repayment
Bank credit loans	\$15,860,550	1.75%~2.18%	Effective August 2021 to July 2027, repayments on due day.
Bank secured loans	5,115,450	2.30%~2.62%	Effective March 2022 to March 2029, repayments on due day.
Long-term credit notes payable	999,691	1.41%	Effective December 2023 to February 2026, repayments on due day.
Long-term secured notes payable	1,345,604	2.51%	Effective November 2022 to December 2025, repayments on due day.
Subtotal	23,321,295		
Less: current portion	(7,580,000)		
Total	\$15,741,295		

Nature of Borrowings	As of December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Bank credit loans	\$16,441,550	1.38%~2.44%	Effective July 2020 to July 2027, repayments on due day.
Bank secured loans	5,325,450	2.23%~2.30%	Effective March 2022 to March 2029, repayments on due day.
Subtotal	21,767,000		
Less: current portion	(4,150,000)		
Total	\$17,617,000		

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The Group's unused total lines of credits amounted to NT\$32,140,910 thousand and NT\$29,702,000 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on inventory and investment property pledged for secured bank loans and notes.

(14) Retirement benefits plans

A. Defined contribution plan

The defined contribution plan of the Company and its domestic subsidiaries' Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Group makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2023 and 2022, the expenses related to defined contribution plan amounted to NT\$58,666 thousand and NT\$51,518 thousand, respectively.

B. Defined benefits plan

The defined benefit plan of the Company and its domestic subsidiaries' Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company and its domestic subsidiaries contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company and its domestic subsidiaries should make up the difference before the end of March in the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$9,536 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the average duration of defined benefit obligation of the Group was expected to be 10.4 years and 11.2 years.

Amounts to be recognized in profit or loss for the years ended December 31, 2023 and 2022 are summarized as follows:

	For the years ended December 31,	
	2023	2022
Current service cost	\$20,349	\$21,949
Net interest on the net defined benefit liability (asset)	1,083	788
Total	<u>\$21,432</u>	<u>\$22,737</u>

Reconciliation of the present value of the defined benefit obligation and fair value of plan assets of the defined benefit plan is as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	\$565,246	\$561,385	\$377,793
Fair value of plan assets	<u>(482,778)</u>	<u>(470,550)</u>	<u>(218,703)</u>
Other non-current liabilities-accrued pension liabilities (assets) recognized on the balance sheets	<u>\$82,468</u>	<u>\$90,835</u>	<u>\$159,090</u>

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Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	\$377,793	\$(218,703)	\$159,090
Acquisitions through business combinations	209,288	(256,471)	(47,183)
Net defined benefit cost			
Current service cost	21,949	-	21,949
Interest expense (income)	3,647	(2,859)	788
Subtotal	25,596	(2,859)	22,737
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	(6,801)	-	(6,801)
Experience adjustment	23,597	-	23,597
Remeasurement of plan assets	-	7,582	7,582
Subtotal	16,796	7,582	24,378
Payments from the plan	(68,088)	15,452	(52,636)
Contributions by employer	-	(15,551)	(15,551)
December 31, 2022	561,385	(470,550)	90,835
Net defined benefit cost			
Current service cost	20,349	-	20,349
Interest expense (income)	6,677	(5,594)	1,083
Subtotal	27,026	(5,594)	21,432
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	2,236	-	2,236
Experience adjustment	6,425	-	6,425
Remeasurement of plan assets	-	(12,676)	(12,676)
Subtotal	8,661	(12,676)	(4,015)
Payments from the plan	(31,826)	(24,056)	(55,882)
Contributions by employer	-	30,098	30,098
December 31, 2023	\$565,246	\$(482,778)	\$82,468

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The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.16%~1.22%	1.20%~1.35%
Expected rate of salary increases	0.50%~2.50%	0.50%~2.50%

A sensitivity analysis for significant assumption:

	For the years ended December 31,			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Increase defined benefit obligation
Discount rate increases by 0.25%	\$-	\$9,079	\$-	\$9,262
Discount rate decreases by 0.25%	9,097	-	9,936	-
Future salary increases by 0.5%	17,617	-	19,572	-
Future salary decreases by 0.5%	-	17,012	-	17,254

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Common stock

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2023 and 2022, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2023 and 2022, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

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(16) Capital surplus

	As of December 31,	
	2023	2022
Treasury share transactions	\$10,407	\$10,407
Difference between consideration and carrying amount of subsidiaries acquired or disposed	262	262
Changes in equity of associates and joint ventures accounted for using equity method	63,542	16,452
Others - overdue dividends	44,195	38,141
Total	<u>\$118,406</u>	<u>\$65,262</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(17) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Special reserve

The FSC on September 30, 2021 issued Order No. Financial-Supervisory-Securities-Corporate 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve.

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At the first-time adoption of IFRSs, special reserve set aside by The Company was NT\$504,189 thousand. As of December 31, 2023, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

- a. Payments of all taxes, if any
- b. To offset prior year's deficit, if any
- c. To set aside 10% of the remaining amount as legal reserve after deducting items (a) and
- d. To set aside special reserve, if required
- e. The remaining amount (the "appropriable after-dividend earnings"), if any, combination with prior year's accumulated unappropriated earnings is appropriated based on the appropriation of shareholders' bonuses plan drafted by the board of directors under the ordinary shareholders' meeting.

In response to the changes in the economy and the markets, The Company is developing towards diversified investment to increase profitability. Considering long-term financial planning and cash flows, the dividend policy adopts the residual dividend policy for stable growth and sustainable operation. According to the Company's operating plan, capital investment and the shareholders' demand for cash inflows, and avoiding excessive inflationary capital, the surplus distribution is given priority by cash dividends, and the stock dividends are also issued, but the cash dividend distribution ratio cannot less than 50% of the total dividend.

- D. For the years ended December 31 2022 and 2021, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 9, 2023 and June 17, 2022, were as follows:

	Appropriation of earnings (In thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2022	2021	2022	2021
Legal reserve	\$108,069	\$84,754		
Common stock - cash dividend	579,781	695,737	\$0.5	\$0.6

- E. Please refer to Note 6. (22) for details of bonus to employees and directors.

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(18) Non-controlling interests

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$2,155,682	\$897,223
Net income (losses) attributed to the non-controlling interests	55,548	92,593
Other comprehensive income attributed to the non-controlling interests:		
Remeasurements of defined benefit plans	(4)	2,148
Income tax (benefit) expense relating to items that will not be reclassified to profits/losses	1	(429)
Cash capital increase by subsidiary	61,200	1,055,160
Dividends distributed by subsidiary	(49,522)	(31,551)
Non-controlling interests in newly established subsidiary	-	218,100
Subsidiary liquidation	-	1,505,226
Loss of control over subsidiary	-	(1,582,788)
Ending Balance	<u>\$2,222,905</u>	<u>\$2,155,682</u>

(19) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales of buildings and land	\$6,454,013	\$10,286,824
Construction income	4,037,554	2,036,645
Service income	4,291,403	3,279,621
Other	195,875	686,318
Subtotal	<u>14,978,845</u>	<u>16,289,408</u>
Rental Income	<u>502,129</u>	<u>502,324</u>
Total	<u>\$15,480,974</u>	<u>\$16,791,732</u>

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The relevant information of the Group's revenue are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023

	Property and real estate Investment development department	Construction Department	Other	Total
Sales of buildings and lands	\$6,454,013	\$-	\$-	\$6,454,013
Construction income	-	4,037,554	-	4,037,554
Service income	-	-	4,291,403	4,291,403
Sales of goods	-	-	91,646	91,646
Rental income	300,891	-	201,238	502,129
Other	-	-	104,229	104,229
Total	<u>\$6,754,904</u>	<u>\$4,037,554</u>	<u>\$4,688,516</u>	<u>\$15,480,974</u>
Timing of revenue recognition:				
At a point in time	\$6,454,013	\$-	\$4,487,278	\$10,941,291
Over time	300,891	4,037,554	201,238	4,539,683
Total	<u>\$6,754,904</u>	<u>\$4,037,554</u>	<u>\$4,688,516</u>	<u>\$15,480,974</u>

For the year ended December 31, 2022

	Property and real estate Investment development department	Construction Department	Other	Total
Sales of buildings and lands	\$10,286,824	\$-	\$-	\$10,286,824
Construction income	-	2,036,645	-	2,036,645
Service income	-	-	3,279,621	3,279,621
Sales of goods	-	-	82,139	82,139
Rental income	298,775	-	203,549	502,324
Other	-	-	604,179	604,179
Total	<u>\$10,585,599</u>	<u>\$2,036,645</u>	<u>\$4,169,488</u>	<u>\$16,791,732</u>
Revenue recognition point:				
At a point in time	\$10,286,824	\$-	\$3,965,939	\$14,252,763
Over time	298,775	2,036,645	203,549	2,538,969
Total	<u>\$10,585,599</u>	<u>\$2,036,645</u>	<u>\$4,169,488</u>	<u>\$16,791,732</u>

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B. Contract balances

a. Contract assets - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Construction contract	\$171,423	\$379,481	\$-

The contract costs incurred and recognized profits (less recognized losses) and the amount of construction progress billed related to construction contracts undertaken by the Group as of the balance sheet date are as follows:

	As of December 31,	
	2023	2022
Incurred contract costs and recognized profits (less recognized losses)	\$2,585,981	\$5,079,092
Less: progress billings related to construction contracts	(2,514,307)	(4,814,551)
Net contract assets (liabilities) related to construction contracts in progress	\$71,674	\$264,541
Reflected in balance sheet as follows		
Contract assets – construction	\$171,423	\$379,481
Contract liabilities –construction	(99,749)	(114,940)
Net	\$71,674	\$264,541

For the years ended December 31, 2023 and 2022, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2023	2022
Accounts receivable during the year that was included in the balance at the beginning of the year	\$(296,364)	\$(23,216)
Changes in the results of progress measurement	88,306	297,479

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b. Contract liabilities - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$7,351,603	\$6,352,352	\$5,167,680
Construction contract	99,749	114,940	-
Service income	144,803	160,196	117,840
Total	<u>\$7,596,155</u>	<u>\$6,627,488</u>	<u>\$5,285,520</u>

For the years ended December 31, 2023 and 2022, the movement in the contract liabilities are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,895,396)	\$(1,736,752)
Increase in receipt in advance during the period	2,864,063	3,078,720

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023, the total amount of the amortized cost of the transaction price allocated to the remaining performance obligations for the Group amounted to NT\$8,459,288 thousand. The Group will recognize revenue gradually as the construction progresses. The construction projects are expected to be completed from 2024 to 2027.

D. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of buildings and lands	<u>\$1,406,064</u>	<u>\$1,219,857</u>	<u>\$885,612</u>

The amortized amount of the incremental cost of the Group's acquisition of the contract for the years ended December 31, 2023 and 2022 were NT\$126,758 thousand and NT\$347,830 thousand, respectively.

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(20) Expected credit losses/(gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – expected credit losses/(gains)		
Accounts receivables	\$48	\$16

Please refer to Note 12 for more details on credit risk.

The Group measured the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses, and measured by using a provision matrix. The details of the loss allowance measured was as follows:

December 31, 2023

	Neither	Past due					
	past due	Within					
	(Note)	1 month	1-3 months	3-9 months	9-12 months	Over 1 year	Total
Gross carrying amount	\$1,314,975	\$3,025	\$-	\$-	\$-	\$-	\$1,318,000
Loss rate	-	3.75%	-	-	-	-	
Lifetime expected credit							
losses	-	114	-	-	-	-	114
Carrying Amount	\$1,314,975	\$2,911	\$-	\$-	\$-	\$-	\$1,317,886

December 31, 2022

	Neither	Past due					
	past due	Within					
	(Note)	1 month	1-3 months	3-9 months	9-12 months	Over 1 year	Total
Gross carrying amount	\$509,422	\$6,436	\$-	\$-	\$-	\$-	\$515,858
Loss rate	-	1.02%	-	-	-	-	
Lifetime expected credit							
losses	-	66	-	-	-	-	66
Carrying Amount	\$509,422	\$6,370	\$-	\$-	\$-	\$-	\$515,792

Note: The Group's note receivables are not overdue.

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For the years ended December 31, 2023 and 2022, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts receivable
As January 1, 2022	\$-	\$50
Addition/(reversal) for the current period	-	16
Amounts written off during the period as uncollectible	-	-
As December 31, 2022	-	66
Addition/(reversal) for the current period	-	48
Amounts written off during the period as uncollectible	-	-
As December 31, 2023	\$-	\$114

(21) Operating leases

A. Group as lessee

The Group leases various property, including land, buildings and transportation equipment. These leases have terms of between one and twenty years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2023	2022
Land	\$6,879	\$14,402
Buildings	4,278,503	4,416,859
Transportation equipment	516	1,298
Other equipment	1,008	592
Total	\$4,286,906	\$4,433,151

For the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to NT\$247,020 thousand and NT\$398,054 thousand, respectively, including NT\$0 thousand and NT\$355,271 thousand acquired through business combinations.

For the years ended December 31, 2023 and 2022, the Group's transfers to right of-use assets amounted to NT\$813 thousand and NT\$398,727 thousand, respectively.

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(b) Leases liability

	As of December 31,	
	2023	2022
Leases liability	\$5,687,804	\$5,235,832
Current	\$433,695	\$348,171
Non-current	5,254,109	4,887,661

Please refer to Note 6. (23).D for the interest on lease liability recognized during the years ended December 31, 2023 and 2022 and refer to Note 12. (5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charged for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	\$7,523	\$11,968
Buildings	383,865	396,019
Transportation equipment	782	746
Other equipment	282	118
Total	\$392,452	\$408,851

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$16,712	\$17,133
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,343	917
The expenses relating to variable lease payments not included in the measurement of lease liabilities	48,460	71,260

As of December 31, 2023 and 2022, the short-term lease portfolio promised by the Group and the types of lease targets related to the aforementioned short-term lease expenses are similar.

In 2023 and 2022, the Group recognized the relevant rent concessions arising as a direct consequence of the covid-19 pandemic as other income NT\$0 thousand and NT\$25,015 thousand to reflect changes in variable lease payments that have applied related practical expedients.

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d. Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounting to NT\$656,789 thousand and NT\$679,660 thousand, respectively.

e. Other information relating to leasing activities

Variable lease payments

Some of the Group's property lease agreements contain variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is very common in the industry of the Group. The variable rent was calculated by the higher amount of fixed payment and payment which calculated by certain percentages of sales under the lease agreements. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. If the payment which calculated by certain percentages of sales under the lease agreements is higher than the fixed payment, the Group expects the consequence that, for every sales increase of NT\$100 thousand, the rental payments will increase by NT\$25 thousand.

B. Group as a lessor

Please refer to Note 6 (8) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$505,614	\$504,768

Please refer to Note 6 (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Not later than 1 year	\$455,813	\$373,101
Later than 1 year but not later than 2 years	336,992	234,488
Later than 2 years but not later than 3 years	293,988	177,683
Later than 3 years but not later than 4 years	268,985	154,934
Later than 4 years but not later than 5 years	173,691	134,359
Later than 5 years	450,417	54,169
Total	\$1,979,886	\$1,128,734

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(22) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$1,057,068	\$514,000	\$1,571,068	\$864,836	\$494,249	\$1,359,085
Labor and health insurance	107,539	45,958	153,497	85,618	41,378	126,996
Pension	52,968	27,130	80,098	48,536	25,719	74,255
Other employee benefits expense	48,051	38,836	86,887	30,922	29,618	60,540
Depreciation and depletion	689,241	333,352	1,022,593	857,722	334,436	1,192,158
Amortization	9,559	12,940	22,499	4,363	16,415	20,778

According to the Company's Articles of Incorporation, 0.1% to 1% and lower than 1% of the profit of the period should be distributed as compensation for employees and directors' remuneration. However, if there is accumulated deficit, the deficit should be covered first. The Group may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employees' compensation and directors' remuneration was NT\$2,245 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2023. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2022 was NT\$1,330 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 14, 2023 resolved to distribute NT\$1,330 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount in the financial statement of 2022 and the actual distribution..

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(23) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Deposit interest	\$21,992	\$5,882
Others	26,298	11,485
Total	<u>\$48,290</u>	<u>\$17,367</u>

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	\$61,297	\$204,369
Bargain purchase gain	-	281,818
Rental income	3,485	2,445
Others	75,287	146,584
Total	<u>\$140,069</u>	<u>\$635,216</u>

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains (losses) on disposal and abandon of property, plant and equipment	\$(48,712)	\$(18,454)
Loss of disposal intangible assets	(5)	(242)
Gains on disposal of investment	-	21,455
Impairment loss	(52,089)	-
Foreign exchange gains (losses), net	(472)	(602)
Others	(16,708)	(18,514)
Total	<u>\$(117,986)</u>	<u>\$(16,357)</u>

The Group disposed of the shares of Xin Ri Tai Energy Co., Ltd, Cathay Power Inc and their subsidiaries in November, 2022. The Group lost significant influence over these entities on the day the shares were sold. Gains on disposal of the investment was NT\$27,071 thousand.

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$291,771	\$254,423
Interest on lease liabilities	153,204	149,023
Total	<u>\$444,975</u>	<u>\$403,446</u>

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(24) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	\$4,015	\$-	\$4,015	\$(803)	\$3,212
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	207,415	-	207,415	-	207,415
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	2,528	-	2,528	-	2,528
Items that may be reclassified subsequently to profit or losses:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	81	-	81	-	81
Total of other comprehensive income	<u>\$214,039</u>	<u>\$-</u>	<u>\$214,039</u>	<u>\$(803)</u>	<u>\$213,236</u>

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or losses:					
Remeasurements of defined benefit plans	\$(24,378)	\$-	\$(24,378)	\$4,876	\$(19,502)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(1,353,867)	-	(1,353,867)	-	(1,353,867)
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	869	-	869	-	869
Items that may be reclassified subsequently to profit or losses:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	432	-	432	-	432
Total of other comprehensive income	<u>\$(1,376,944)</u>	<u>\$-</u>	<u>\$(1,376,944)</u>	<u>\$4,876</u>	<u>\$(1,372,068)</u>

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(25) Income taxes

The major components of income tax expense (income) were as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense (income):		
Current income tax charge	\$283,209	\$160,745
Current land value increment tax charge	4,219	117,520
Adjustments in respect of current income tax of prior periods	(29,504)	(333)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	4,247	(11,708)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(6,936)	121,084
Total income tax expense (income)	<u>\$255,235</u>	<u>\$387,308</u>

Income tax relating to components of other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$803</u>	<u>\$(4,876)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	<u>\$2,475,220</u>	<u>\$1,687,650</u>
Tax at the domestic rates applicable to profits in the country concerned	\$682,841	\$423,741
Tax effect of revenues exempt from taxation	(525,573)	(372,158)
Tax effect of non-deductible expenses	103,638	114,060
Tax effect of deferred tax assets/liabilities	(8)	59,414
Surtax on undistributed retain earnings	19,642	3,353
Additional tax payable due to alternative minimum tax	-	769
Adjustments in respect of current income tax of prior periods	(29,504)	(333)
Current land value increment tax	4,219	117,520
Tax effect of adjustments in accordance with tax laws	(20)	40,942
Total income tax expense (income) recognized in profit or loss	<u>\$255,235</u>	<u>\$387,308</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Resulted from the merger	Ending Balance
Temporary differences					
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$ (10,049)	\$-	\$-	\$-	\$ (10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	88,450	(2,602)	-	-	85,848
Depreciation difference for tax purpose - investment property	93,371	(2,747)	-	-	90,624
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,041	(97)	-	-	1,944
Investments accounted for using equity method	(25,151)	-	-	-	(25,151)
Unrealized intragroup profits and losses	17,380	(8)	-	-	17,372
Allowance for loss	1,400	-	-	-	1,400
Allowance for loss of inventories price falling	2,869	10,418	-	-	13,287
Non-current liability - defined benefit liability	14,505	(870)	(803)	-	12,832
Accrued expenses over two years transfer to revenue	7	-	-	-	7
Unrealized advertising fee	175,028	(8,341)	-	-	166,687
Impairment loss on non-financial assets	242	-	-	-	242
Unused tax credits	11,514	6,936	-	-	18,450
Deferred tax income/(expense)		\$2,689	\$ (803)	\$-	
Net deferred tax assets/(liabilities)	\$371,607				\$373,493
Reflected in balance sheet as follows:					
Deferred tax assets	\$412,363				\$414,391
Deferred tax liabilities	\$ (40,756)				\$ (40,898)

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For the year ended December 31, 2022

		Deferred tax income (expense) recognized in other comprehensive income	Deferred tax income (expense) recognized in other comprehensive income	Resulted from the merger	Ending Balance
	Beginning balance	recognized in profit or loss	comprehensive income	the merger	Ending Balance
Temporary differences					
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	91,051	(2,601)	-	-	88,450
Depreciation difference for tax purpose - investment property	96,119	(2,748)	-	-	93,371
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,138	(97)	-	-	2,041
Investments accounted for using equity method	-	(23,651)	-	(1,500)	(25,151)
Unrealized intragroup profits and losses	6,148	11,232	-	-	17,380
Allowance for loss	1,400	-	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	-	2,869
Non-current liability - defined benefit liability	27,496	(10,433)	4,876	(7,434)	14,505
Accrued expenses over two years transfer to revenue	7	-	-	-	7
Unrealized advertising fee	119,370	55,658	-	-	175,028
Unrealized repairing fee	524	(524)	-	-	-
Impairment loss on non-financial assets	-	-	-	242	242
Unused tax credits	147,726	(136,212)	-	-	11,514
Deferred tax income/(expense)		<u>\$(109,376)</u>	<u>\$4,876</u>	<u>\$(8,692)</u>	
Net deferred tax assets/(liabilities)	<u>\$484,799</u>				<u>\$371,607</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$494,848</u>				<u>\$412,363</u>
Deferred tax liabilities	<u>\$(10,049)</u>				<u>\$(40,756)</u>

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The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2023	2022	
2013	\$65,058	\$-	\$65,058	2023
2014	77,749	77,749	77,749	2024
2015	183,168	183,168	183,168	2025
2016	268,254	268,254	268,254	2026
2017	165,360	165,360	165,360	2027
2018	1,191,904	105,740	105,740	2028
2019	235,632	235,632	235,632	2029
2020	633,702	633,702	633,702	2030
2026	751,951	751,951	751,951	2031
2022	566,820	566,820	566,820	2032
2023	180,881	180,881	-	2033
Total		<u>\$3,169,257</u>	<u>\$3,053,434</u>	

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the deferred tax assets have not been recognized amount to NT\$615,402 thousand and NT\$599,173 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Group and its subsidiaries was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary- Cathay Real Estate Management Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cathay Healthcare Management Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cathay Hospitality Management Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cathay Hospitality Consulting Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cymbal Medical Network Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Lin Yuan Property Management Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Jinhua Realty Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Bannan Realty Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Sanchong Realty Co., Ltd.	Assessed and approved up to 2021
Subsidiary- San Ching Engineering Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cymder Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Cymlin Co., Ltd.	Assessed and approved up to 2021

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Subsidiaries- Cathay Food & Beverage Group Co, Ltd and Zhulun Realty Co., Ltd, were established in 2022. As of December 31, 2023, the Company has not yet been assessed for income tax return.

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT\$)	\$1.87	\$1.04
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	139	71
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,700	1,159,632
Diluted earnings per share (NT\$)	\$1.87	\$1.04

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(27) Business combinations

Acquisition of San Ching Engineering Co., Ltd.

In May 2022, the Group acquired 100% of voting shares of San Ching Co., Ltd., which provides services such as construction project contracting and construction management. The Company acquired San Ching Engineering Co., Ltd. to reduce costs, enhance competitiveness, and expand real estate development projects.

The Group has elected to measure the non-controlling interest by its proportion of the acquiree's identifiable assets.

The fair value of the identifiable assets and liabilities of San Ching Engineering Co., Ltd. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$801,943
Contract assets	115,774
Accounts receivable	598,144
Other receivables	9,047
Current tax assets	23,266
Inventories	2,284,353
Prepayments	106,052
Others current assets	107,533
Financial assets at fair value through other comprehensive income	15,300
Investments accounted for using equity method	540,531
Property, plant and equipment	6,302,922
Right-of-use assets	355,271
Investment properties	255,279
Intangible assets	498,206
Other non-currents assets	480,736
Subtotal	<u>12,494,357</u>

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	<u>Fair value recognized on the acquisition date</u>
Liabilities	
Short-term loans	1,016,000
Short-term notes payable	1,394,784
Contract Liability	952,986
Notes payable	3,477
Accounts payable	254,958
Other payable	313,766
Current tax liabilities	202,306
Long-term loans-current portion	282,398
Other current liabilities	1,356
Long-term loans	4,047,258
Lease liabilities (including non-current)	362,431
Other non-current liabilities	75,593
Subtotal	<u>8,907,313</u>
Identifiable net assets	<u><u>\$3,587,044</u></u>

Bargain purchase gain is calculated as follows:

Purchase consideration	\$1,800,000
Add: non-controlling interests at fair value	1,505,226
Less: identifiable net assets at fair value	<u>(3,587,044)</u>
Bargain purchase gain	<u><u>\$(281,818)</u></u>

Analysis of cash flows on acquisition:

Cash paid	\$1,800,000
Net cash acquired with the subsidiary	<u>(801,943)</u>
Net cash flow on acquisition	<u><u>\$998,057</u></u>

From the acquisition date to December 31, 2022, San Ching Engineering Co., Ltd. Has contributed NT\$267,011 thousand to the continuing operations. If the combination had taken place at the beginning of the year, the operating revenue and the profit from continuing operations for the Group would have been NT\$18,480,740 thousand and NT\$1,176,656 thousand.

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7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
San Ching Engineering Co., Ltd. (San Ching Engineering)	Subsidiary (Note 1)
Symphox Information Co., Ltd. (Symphox Information)	Associate (Note 2)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
Cathay Financial Holdings Co., Ltd. (Cathay Financial Holdings)	Others
Cathay Securities Co., Ltd. (Cathay Securities)	Others
Cathay Securities Investment Co., Ltd. (Cathay Securities Investment)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Cathay General Hospital (Cathay Hospital)	Others
Seaward Card Co., Ltd. (Seaward Card)	Others
Wanda Investment Co., Ltd. (Wanda Investment)	Others
Baixing Investment Co., Ltd. (Baixing Investment)	Others
Yi Ru Enterprise Co., Ltd. (Yi Ru Enterprise)	Others
Wei Don Enterprise Co., Ltd. (Wei Don Enterprise)	Others
Wei Lin Enterprise Co., Ltd. (Wei Lin Enterprise)	Others
Hsien Fang Capital Co., Ltd. (Hsien Fang Capital)	Others
Cheng Dao Capital Co., Ltd. (Cheng Dao Capital)	Others
Hung Chih Capital Co., Ltd. (Hung Chih Capital)	Others
Cathay Real Estate Foundation (Cathay-Cultural Foundation)	Others
○○, Hsu	The spouse of key management personnel
○○, Lee	The spouse of key management personnel

Note 1: San Ching Engineering Co., Ltd. was acquired by the Group in May 2022 and became the Group's subsidiary. Therefore, the related party transactions only included transactions prior to the acquisition.

Note 2: After acquiring 100% shares San Ching Engineering Co., Ltd. in May, 2022. Symphox Information Co., Ltd. became the Group's associate.

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(2) Significant transactions with the related parties

The Group's related party transactions would not be disclosed when the individual amount is less than 3 million.

A. Cash in banks and short-term loans

		For the year ended December 31, 2023			
Name of the related parties		Maximum amount			Interest income (expenses)
	Type		Ending balance	Interest rate	
Others:					
Cathay United Bank	Demand deposit	\$9,731,606	\$3,210,202	0.51%	\$16,795
	Checking accounts	3,848,898	11,527	-	-
	Securities accounts	1,098,654	37,140	0.01%	5
	Time deposits	330,300	283,100	1.1%~1.565%	3,263
	Short-term loans	2,420,000	800,000	1.93%	(19,580)

		For the year ended December 31, 2022			
Name of the related parties		Maximum amount			Interest income (expenses)
	Type		Ending balance	Interest rate	
Others:					
Cathay United Bank	Demand deposit	\$13,323,602	\$4,676,322	0.01%~0.39%	\$3,669
	Checking accounts	2,579,203	117,487	-	-
	Securities accounts	1,098,476	64,629	0.01%	6
	Time deposits	233,600	233,600	0.98%~1.45%	2,217
	Short-term loans	620,000	620,000	1.65%	(10,472)

B. Purchase

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
San Ching Engineering	Building constructing or expansion	\$-	\$996,073
Others:			
Cathay United Bank	Management fee of trust service	6,337	6,330
Cathay United Bank	Compensation for relocation	-	236,530
Cathay Life Insurance	Insurance fee	4,706	3,794
Cathay Century	Insurance fee	18,446	13,080
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	6,720
Total		\$36,209	\$1,262,527

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- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Group and San Ching Engineering amounted to NT\$29,528,178 thousand and NT\$17,047,767 thousand as of December 31, 2023 and 2022, respectively. The total contract price mentioned above did not include the offsetting effect of the merger.

C. Sales

a. Rental Income

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Office and vehicles rental	\$6,609	\$7,566
Cathay United Bank	Office rental	18,180	18,069
Total		\$24,789	\$25,635

The rental period is 2 to 5 years and rents are collected monthly according to the contract.

b. Service income

Name of the related parties	For the years ended December 31,	
	2023	2022
Subsidiary:		
San Ching Engineering	\$-	\$4,881
Others:		
Cathay Life Insurance	1,025,495	931,369
Cathay United Bank	159,991	108,897
Cathay Financial Holdings	10,772	6,996
Cathay Century	7,080	4,804
Cathay Securities	3,419	1,837
Cathay Securities Investment	3,948	1,633
Cathay Hospital	835	22,554
Total	<u>\$1,211,540</u>	<u>\$1,082,971</u>

The service revenues are generated from the subsidiary providing health inspection, housing, technology and maintenance services. The transaction price and collection terms above were not significantly different from those with the non-related parties.

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c. Construction income

Name of the related parties	For the years ended December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$3,535,990	\$1,519,183
Cathay Hospital	48,435	30,733
Total	<u>\$3,584,425</u>	<u>\$1,549,916</u>

The price for the project contracted with related parties is determined through negotiation and comparison between both parties based on the estimated project cost, reasonable management expenses, and margin, and is collected according to the payment terms specified in the contract. The transaction price and collection terms above were not significantly different from those with the non-related parties.

As of December 31, 2023 and 2022, the Group has signed but not yet completed construction contracts with related parties Cathay Life Insurance and Cathay General Hospital.

	As of December 31,	
	2023	2022
Total contract price	\$17,871,113	\$15,741,344
Received construction payments	<u>(2,228,921)</u>	<u>(3,055,452)</u>
Construction payments to be received for future performance	<u>\$15,642,192</u>	<u>\$12,685,892</u>

D. Notes and account receivable – related parties

The debt between the Group and the related parties (both uninterested) are as follows:

Name of the related parties	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$4,349	\$2,731
Cathay United Bank	7,205	10,117
Cathay Hospital	2,546	5,699
Total	<u>\$14,100</u>	<u>\$18,547</u>

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E. Notes and accounts payable – related parties

The debt between the Group and the related parties (both uninterested) are as follows:

Name of the related parties	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$2,789	\$2,174
Cathay United Bank	139	44,930
Total	<u>\$2,928</u>	<u>\$47,104</u>

F. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	<u>\$5,050,122</u>	<u>\$4,675,560</u>

The Group acquired right-of-use assets from Cathay Life Insurance in the amount of NT\$817,513 thousand and NT\$32,795 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Leases liabilities

	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	<u>\$5,503,455</u>	<u>\$5,064,058</u>

c. Interest expenses

	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	<u>\$149,343</u>	<u>\$141,959</u>

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G. Others

a. Other current assets-restricted assets

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Engineering guarantee, Performance bond	\$5,000	\$5,000

b. Refundable deposits

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Rent deposit	\$45,043	\$39,155
Lin Yuan Investment	Joint construction deposit	8,000	12,000
Total		\$53,043	\$51,155

c. Guarantee deposits received

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay United Bank	Rent deposit	\$4,482	\$4,482

d. In 2023, the Group signed a housing contract for pre-sale construction with its related parties, Hsien Fang Capital Co., Ltd., Cheng Dao Capital Co., Ltd., and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand, signed a housing contract for pre-sale construction with its related parties, ○○, Hsu, in the total amount of NT\$35,130 thousand, and in 2022, signed a housing contract for pre-sale construction with its related parties, Wanda Investment Co., Ltd., and ○○, Lee in the total amount of NT\$789,480 thousand and NT\$17,600 thousand, respectively.

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H. Other income

Name of the related parties	Items	For the years ended December 31,	
		2023	2022
Others:			
Cathay United Bank	Management fee and planning fee	\$4,890	\$4,847
Cathay Life Insurance	Management fee and planning fee	5,450	3,971
Cathay Life Insurance	Rent concession	-	25,015
Nangang One	Consulting service	-	28,160
Nangang Two	Consulting service	-	35,840
Total		\$10,340	\$97,833

I. Operating costs

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Associate related parties:			
Symphox Information	Others	\$3,725	\$5,146
Others:			
Cathay Life Insurance	Management fee	105,106	80,779
Cathay Life Insurance	Others	16,930	9,191
Cathay Life Insurance	Insurance fee	7,623	10,857
Cathay Century	Insurance fee	12,461	16,065
Cathay Century	Insurance expense for rental buildings	25,869	6,723
Total		\$171,714	\$128,761

J. Operating expenses

Name of the related parties	Items	For the years ended December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Rental management fee	\$21,607	\$9,284
Cathay Life Insurance	Insurance and management fee	7,824	4,249
Cathay Life Insurance	Miscellaneous expenses	10,619	3,624
Cathay Century	Insurance fee	12,261	9,534
Seaward Card	Temporary worker service	6,242	4,912
Cathay-Cultural Foundation	Donation	-	5,000
Total		\$58,553	\$36,603

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K. Property transaction

The property transaction between the Group and the related parties are as follows:

For the year ended December 31, 2023: None.

For the year ended December 31, 2022:

Acquisition of financial assets:

Name of the related parties	Shares	Subject matter	Purchase price
Others:			
Lin Yuan Investment	10,000,000	Shares of San Ching Engineering	\$300,000
Wanda Investment	10,000,000	"	300,000
Baixing Investment	10,000,000	"	300,000
Yi Ru Enterprise	10,000,000	"	300,000
Wei Don Enterprise	10,000,000	"	300,000
Wei Lin Enterprise	10,000,000	"	300,000
Total	<u>60,000,000</u>		<u>\$1,800,000</u>

L. Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$86,186	\$89,833
Post-employment benefits	1,257	1,277
Total	<u>\$87,443</u>	<u>\$91,110</u>

8. Pledged assets

The following assets were pledged to banks as collaterals for bank loans:

Items	As of December 31,		Secured liabilities
	2023	2022	
Negotiable certificate of deposit	\$108,522	\$7,383	Engineering guarantee, Performance bond
Inventories	10,791,000	11,316,600	Short-term loan & Long-term loan
Real estate	7,638,372	7,638,372	Short-term loan & Long-term loan
Total	<u>\$18,537,894</u>	<u>\$18,962,355</u>	

Pledged or mortgaged assets are expressed in terms of collateral amounts.

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9. Significant commitments and contingent liabilities

(1) Significant contract

The total contract price of the construction contracts signed by the Group and non-related parties was NT\$9,648,249 thousand, in which NT\$3,902,320 thousand was not paid as of December 31, 2023.

(2) Others

A. Guarantee notes issued for borrowings (financing) were NT\$53,894,200 thousand as of December 31, 2023.

B. Guarantee notes issued for construction warranty and performance guarantee were NT\$1,943,807 thousand as of December 31, 2023.

10. Significant disaster losses

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through other comprehensive income	\$3,431,866	\$3,224,451
Financial assets measured at amortized cost		
Cash and cash equivalents	5,055,351	10,831,821
Contract assets	171,423	379,481
Notes receivable	22,469	38,739
Accounts receivable	1,295,417	477,053
Other receivables	82,685	80,109
Refundable deposits	1,088,508	1,539,370
Subtotal	7,715,853	13,346,573
Total	\$11,147,719	\$16,571,024

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Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$10,466,600	\$12,445,000
Short-term notes payable	2,579,334	4,094,613
Accounts payables	3,138,737	2,499,989
Long-term borrowings (including current portion with maturity less than 1 year)	23,321,295	21,767,000
Leases liabilities	5,687,804	5,235,832
Guarantee deposits received	129,712	109,382
Total	<u>\$45,323,482</u>	<u>\$46,151,816</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group mainly engaged in various business activities in Taiwan, and the foreign currency held is not significant. Therefore, the Group's risk due to changes in foreign currency exchange rates is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments with bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$13,046 thousand and NT\$16,540 thousand for the years ended December 31, 2023 and 2022, respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under held for financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$146,327 thousand and NT\$127,936 thousand for the years ended December 31, 2023 and 2022 on the equity attributable to the Group.

Please refer to Note 12. (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

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Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2023 and 2022, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury department in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	As of December 31, 2023				
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$21,033,527	\$14,183,416	\$458,316	\$1,411,487	\$37,086,746
Accounts payables	3,138,737	-	-	-	3,138,737
Lease liabilities (Note)	433,695	776,558	800,884	3,676,667	5,687,804
Guarantee deposits received	61,156	17,664	8,850	42,042	129,712

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As of December 31, 2022					
	Less than				
	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$21,047,124	\$14,873,930	\$1,683,572	\$1,375,450	\$38,980,076
Accounts payables	2,499,989	-	-	-	2,499,989
Lease liabilities (Note)	348,171	670,740	670,716	3,546,205	5,235,832
Guarantee deposits received	57,352	19,862	8,249	23,919	109,382

Note: Further information on the maturity analysis of lease liabilities:

As of December 31, 2023

Maturities						
	Less than	1 to 5	6 to 10	10 to 15		
	1 year	years	years	years	>15 years	Total
Leases liabilities	\$433,695	\$1,577,442	\$2,095,712	\$1,375,535	\$205,420	\$5,687,804

As of December 31, 2022

Maturities						
	Less than	1 to 5	6 to 10	10 to 15		
	1 year	years	years	years	>15 years	Total
Leases liabilities	\$348,171	\$1,341,456	\$1,914,098	\$1,237,821	\$394,286	\$5,235,832

(6) Reconciliation of liabilities arising from financing activities

Reconciliations of the liabilities for the year ended December 31, 2023:

	Short-term	Short-term	Long-term	Leases	Other	Total
	loans	notes	loans	liabilities	non-current	liabilities
	loans	payable	(including		liabilities	from
			current			financing
			portion)			activities
As of January 1, 2023	\$12,445,000	\$4,094,613	\$21,767,000	\$5,235,832	\$231,294	\$43,773,739
Cash flows	(1,978,400)	(1,515,279)	1,554,295	(590,274)	16,685	(2,512,973)
Non-cash changes						
Interest on lease						
liabilities	-	-	-	153,204	-	153,204
Other (Note)	-	-	-	889,042	(4,015)	885,027
As of December 31, 2023	\$10,466,600	\$2,579,334	\$23,321,295	\$5,687,804	\$243,964	\$42,298,997

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities and other non-current liabilities that meet the lease recognition requirements.

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Reconciliations of the liabilities for the year ended December 31, 2022:

	Short-term loans	Short-term notes payable	Long-term loans (including current portion)	Leases liabilities	Other non- current liabilities	Total liabilities from financing activities
As January 1, 2022	\$11,460,000	\$3,629,296	\$12,802,685	\$5,620,280	\$252,071	\$33,764,332
Cash flows	783,768	(805,058)	9,112,190	(590,349)	(100,804)	8,399,747
Non-cash changes						
Acquisitions through business combinations	1,016,000	1,394,784	4,329,656	362,431	66,015	7,168,886
Interest on lease liabilities	-	-	-	149,023	-	149,023
Other (Note)	-	-	-	39,191	24,378	63,569
Disposal of subsidiaries	(814,768)	(124,409)	(4,477,531)	(344,744)	(10,366)	(5,771,818)
As of December 31, 2022	<u>\$12,445,000</u>	<u>\$4,094,613</u>	<u>\$21,767,000</u>	<u>\$5,235,832</u>	<u>\$231,294</u>	<u>\$43,773,739</u>

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities, change of lease due to early termination of the contract and other non-current liabilities that meet the lease recognition requirements.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

- c. Equity instruments that are not actively traded in the market (including shares of publicly issued companies in an inactive market, and shares of undisclosed companies) are estimated by market method and are derived from market transactions of the same or comparable company equity instruments. The fair value is derived from the price and other relevant information (such as lack of liquidity discount factor, similar company stock price-to-earnings ratio, similar company's stock price-to-equity ratio).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial instruments measured at amortized cost (including cash and cash equivalents, receivables, payables and other liabilities) measured at amortized cost approximate their fair value.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

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As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,926,542	\$-	\$505,324	\$3,431,866

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Stocks	\$2,558,725	\$-	\$665,726	\$3,224,451

The Group had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset measured at fair value through other comprehensive income-stocks	
	2023	2022
Beginning balance	\$665,726	\$355,412
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(160,402)	(87,471)
Additions	-	450,000
Acquisitions through business combinations	-	15,300
Disposals	-	(67,515)
Ending balance	\$505,324	\$665,726

Total gains and losses recognized in profit or loss is NT\$160,402 thousand loss and NT\$26,928 thousand loss for the years ended December 31, 2023 and 2022, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

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As of December 31, 2023

	Valuation techniques	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$68,665 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's equity by NT\$2,555 thousand

As of December 31, 2022

	Valuation techniques	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$69,449 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's equity by NT\$2,560 thousand

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(9) Significant assets and liabilities denominated in foreign currencies

The Group did not hold major foreign currency financial assets and liabilities as of December 31, 2023 and 2022.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Significant transaction information

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 1
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	Table 2
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	Table 3
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 4
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	None
I	Derivative financial instruments undertaken	None
J	Significant intercompany transactions between consolidated entities	Table 5

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(2) Investee information

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 6
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	None
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	None
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 7
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	Table 8
I	Derivative financial instruments undertaken	None
J	Names, locations and related information of investee companies	Table 9

(3) Investment in Mainland China: None.

(4) Information on Major Shareholders: Please refer to Table 10.

14. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

Movable property and real estate development department: The main businesses of the department are entrusted the manufacturer to build residential and commercial buildings for leasing or selling. The main businesses of the department are entrusted the manufacturer to build residential and commercial buildings for leasing or selling.

Construction department: The main businesses of the department are construction project contracting and construction management.

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The operating segment information does not summarize more than one operating segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information about profit or loss, assets and liabilities of reportable segment

The Group's profit or loss information of operating segments for the years ended December 31, 2023 and 2022 is as follows:

Information for the year ended December 31, 2023

	Property and real estate Investment development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Revenue					
External customer	\$6,754,905	\$4,037,554	\$4,688,515	\$-	\$15,480,974
Inter-segment	74,255	4,228,825	124,734	(4,427,814)	-
Total revenue	<u>\$6,829,160</u>	<u>\$8,266,379</u>	<u>\$4,813,249</u>	<u>\$(4,427,814)</u>	<u>\$15,480,974</u>
Segment profit	<u>\$2,240,210</u>	<u>\$851,526</u>	<u>\$152,174</u>	<u>\$(768,690)</u>	<u>\$2,475,220</u>
Interest income	\$34,278	\$844	\$13,168	\$-	\$48,290
Interest expenses	249,250	17,346	202,240	(23,861)	444,975
Depreciation and amortization	209,783	7,450	885,612	(57,753)	1,045,092
Loss (gain) of investments accounted					
for using equity method	690,420	254,516	(22,696)	(644,980)	277,260
Dividend income	61,287	10	-	-	61,297

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Information for the year ended December 31, 2022

	Property and real estate Investment development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Revenue					
External customer	\$10,585,599	\$2,036,645	\$4,169,488	\$-	\$16,791,732
Inter-segment	3,541,029	2,377,349	52,906	(5,971,284)	-
Total revenue	<u>\$14,126,628</u>	<u>\$4,413,994</u>	<u>\$4,222,394</u>	<u>\$(5,971,284)</u>	<u>\$16,791,732</u>
Segment profit	<u>\$1,326,690</u>	<u>\$317,469</u>	<u>\$(150,373)</u>	<u>\$193,864</u>	<u>\$1,687,650</u>
Interest income	\$11,550	\$387	\$5,430	\$-	\$17,367
Interest expenses	161,604	20,715	246,148	(25,021)	403,446
Depreciation and amortization	208,881	4,929	1,056,554	(57,428)	1,212,936
Loss (gain) of investments accounted for using equity method	(405,289)	67,148	(29,653)	346,864	(20,930)
Loss (gain) on disposal of investments	-	21,455	-	-	21,455
Dividend income	204,369	-	-	-	204,369

The following table presents segment assets and liabilities of the Group's operating segments as at December 31, 2023 and 2022:

	Property and real estate Investment development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Assets of December 31, 2023	<u>\$66,810,725</u>	<u>\$6,691,855</u>	<u>\$19,495,106</u>	<u>\$(10,975,930)</u>	<u>\$82,021,756</u>
Assets of December 31, 2022	<u>\$64,510,958</u>	<u>\$6,211,670</u>	<u>\$18,990,091</u>	<u>\$(9,623,622)</u>	<u>\$80,089,097</u>
	Property and real estate Investment development department	Construction Department	Others	Adjustment and eliminations	Consolidated amount
Liabilities of December 31, 2023	<u>\$40,501,380</u>	<u>\$3,597,633</u>	<u>\$12,872,987</u>	<u>\$(3,482,494)</u>	<u>\$53,489,506</u>
Liabilities of December 31, 2022	<u>\$39,908,705</u>	<u>\$3,469,317</u>	<u>\$12,517,657</u>	<u>\$(2,564,517)</u>	<u>\$53,331,162</u>

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External revenue, segment profit and loss and total assets provided to the chief operating decision maker are measured in the same way as the revenue, net profit after tax and total assets in the financial report. Therefore no reconciliation is needed.

(2) Area-specific information

The Group did not have foreign segments that contributed 10% or more to the Group's revenue and assets for the years ended December 31, 2023 and 2022.

(3) Major customer information

The Group's net sales to a single customer for the years ended December 31, 2023 and 2022 both did not exceed 10% of the consolidated net sales revenue.

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Table 1: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	63,968,129	\$2,926,542	0.44%	\$2,926,542	
"	Stock — Gong Cheng Industrial Co. Ltd.	None	Financial assets at fair value through other comprehensive income—non-current	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,501	10.00%	25,501	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	78,828	1.72%	78,828	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	27,465,000	178,797	7.85%	178,797	
"	Stock — Nangang International Two Co., Ltd.	Others	"	32,460,000	210,341	8.12%	210,341	

Note : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 2: Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital

(Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Transaction Amount (Contract Price)	Status of Payment (Tax Included)	Counterparty	Relationship with the counterparty	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	2 parcels of land including Land No. 475, Changming Section, Nantun District, Taichung City	2023.07.07	\$725,873	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Changming Section, Nantun District	None
Cathay Real Estate Development Co., Ltd.	Land No. 1013 and 1014, Beiuan Section, North Dist., Tainan City	2023.09.08	920,000	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Beiuan Section, North District	None
Cathay Real Estate Development Co., Ltd.	2 parcels of land (including superficies), including Land No. 10, Wanhe Section, Sanmin District, Kaohsiung City	2023.12.15	1,000,000	Installment by agreement	Legal entity	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Land held for construction site in Wanhe Section, Sanmin District, including buildings	None

Table 3: Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital

(Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Date of original acquisition	Carrying Amount	Transaction Amount (Contract Price)	Status of proceeds collection	Gain(Loss) from disposal	Counterparty	Relationship with the counterparty	Purpose of Acquisition and Current Condition	References for Determining Price	Others
Cathay Real Estate Development Co., Ltd.	81 parcels of public facilities reservations in 9 administrative districts including Zhongshan District	2023.04.26-2023.10.06	1979.08.20	\$2,423	\$735,946	Installment by agreement	\$733,523	New Construction Engineering Office, Public Works Department, Taipei City Government	None	For the consideration of overall operation	1. Refer to the report of a professional real estate appraiser.	None

Table 4: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Subsidiary	Construction-in-progress	\$3,517,878	36.15%	Not applicable	\$-	-	\$(1,373,956)	57.50%	Note 2

Note 1 : The notes/accounts payable of parent company only financial statements.

Note 2 : Offset during the preparation of consolidated financial statements.

Note 3: The Group signed a housing contract for pre-sale construction with its related parties, Hsien Famg Capital Co., Ltd., Cheng Dao Capital Co., Ltd. and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand.

Table 5: Significant intercompany transactions between consolidated entities

(Expressed in thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other non-current liability-deferred credits-gains on Inter-affiliate accounts	13,211	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain-realized gainfrom inter-affiliate accounts	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	95	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Rental Income	179	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	67	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	58	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental Income	159	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	36	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	42	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	3	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	600	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	29	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental Income	425	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	138	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	102	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Construction cost	2	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Operating expenses-entertainment expenses	119	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts payable to related parties	807	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	876	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental Income	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Lease costs	49,072	Regular	0.32%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	83	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-service fee	9	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-advertising fee	198	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Temporary debits	786	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,190	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental Income	168	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Land held for construction site	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,429	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental Income	96	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Rental Income	150	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Guarantee deposits received	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Land held for construction site	56,202	Regular	0.07%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Other income	11,750	Regular	0.08%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Rental Income	175	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Guarantee deposits received	57	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other income	8,333	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	1	Other income	11	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts payable to related parties	1,373,956	Regular	1.68%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Other income	2,780	Regular	0.02%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Temporary credits	557	Regular	0.00%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Receipts under custody	10,710	Regular	0.01%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Other income for hotel and restaurant services	28,986	Regular	0.19%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Others receivables	12,169	Regular	0.01%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Assets	32,163	Regular	0.04%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Liability	928,993	Regular	1.13%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts Receivable-related parties	2,002,652	Regular	2.44%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Construction income	3,655,321	Regular	23.61%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Engineering costs	3,405,634	Regular	22.00%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Contract Liability	250,895	Regular	0.31%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Accounts Receivable-related parties	59,136	Regular	0.07%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Construction income	515,481	Regular	3.33%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Engineering costs	514,656	Regular	3.32%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Contract Assets	27,998	Regular	0.03%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Construction income	27,998	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Engineering costs	27,124	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Contract Assets	40,198	Regular	0.05%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Construction income	40,198	Regular	0.26%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Engineering costs	40,009	Regular	0.26%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Receivable-related parties	21,178	Regular	0.03%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Others receivables	1,179	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts payable to related parties	375	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other payable	629	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	3	Accounts payable to related parties	924	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Repairs and maintenance income	345	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Technical service income	643	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Income for building management and maintenance fee	3,611	Regular	0.02%
4	Lin Yuan Property Management Co., Ltd.	Cymbal Medical Network Co., Ltd.	3	Income for building management and maintenance fee	89	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	San Ching Engineering Co., Ltd.	3	Income for building management and maintenance fee	26,261	Regular	0.17%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Income for building management and maintenance fee	1,467	Regular	0.01%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Repairs and maintenance income	165	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Management Co., Ltd.	3	Income for building management and maintenance fee	354	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other operating income	3,004	Regular	0.02%

Note1 : The Company and its subsidiaries are coded as follows :

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note2 : The Types of the transactions are coded as follows:

(1) The Company to subsidiaries is coded "1".

(2) Subsidiaries to The Company is coded "2".

(3) Subsidiaries to Subsidiaries is coded "3".

Note3 : The calculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calculated by the ending balance for the consolidated assets.

If it recognized to profit or loss and it should be calculated by the ending balance for the consolidated revenue.

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Table 6: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stock — Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–non-current	35,000	\$227	0.01%	\$227	
"	Stock — Nangang International Two Co., Ltd.	Others	"	40,000	259	0.01%	259	
San Ching Engineering Co., Ltd	Stock — China Construction Management Co., Ltd	None	"	1,400,000	11,326	5.48%	11,326	

Note : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 7: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Jinhua Realty Co., Ltd.	San Ching Engineering Co., Ltd	Others	Construction-in-progress	\$633,600	94.81%	Not applicable	\$-	-	\$-	-	Note2
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	Construction project	(3,655,321)	44.22%	Not applicable	-	-	2,002,652	96.22%	Note2
San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	Others	Construction project	(515,481)	6.24%	Not applicable	-	-	59,136	2.84%	Note2
San Ching Engineering Co., Ltd	Cathay Life Insurance Co., Ltd.	Others	Construction project	(3,535,990)	42.78%	Not applicable	-	-	-	-	
Lin Yuan Property Management Co., Ltd.	Cathay Life Insurance Co., Ltd.	Others	Technical services and repairs and maintenance services	(1,018,269)	64.97%	90 days	-	-	2,343	7.48%	

Note 1 : The notes/accounts payable of parent company only financial statements.

Note 2 : Offset during the preparation of consolidated financial statements.

Table 8: Accounts receivable from related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Company with accounts receivable	Counterparty	Relationship with the counterparty	Balance of accounts receivable from related parties	Turnover ratio	Overdue accounts receivable from related parties		Accounts receivable from related parties recovered after the period	Amount of provision for doubtful debts	Note
					Amount	Method			
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	\$2,002,652	-	\$-	-	\$459,197	-	Note 1 、 Note 2

Note 1: The accounts receivable were mainly arising from revenue of construction projects and advance payment for construction projects.

Note 2 : Offset during the preparation of consolidated financial statements.

Table 9: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2023	Balance at December 31, 2022	Number of shares	Percentage	Carrying Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$139,517	\$42,688	42,688	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	647,572	152,605	129,730	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,740,000	1,740,000	25,000,000	100.00%	63,758	(34,486)	(30,222)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,300,000	1,300,000	60,000,000	100.00%	128,441	(38,064)	(32,298)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	350,000	35,000,000	100.00%	172,373	(75,346)	(75,346)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	73,857	90,507	46,180	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	337,027	(3,161)	(1,612)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	586,500	586,500	58,650,000	51.00%	575,544	(5,087)	(2,594)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	1,834,800	1,716,000	183,480,000	66.00%	1,761,939	(13,077)	(8,632)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	204,000	204,000	20,400,000	51.00%	196,953	(6,536)	(3,333)	Subsidiary
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	ROC	Construction Contractor	2,400,000	2,400,000	120,000,000	100.00%	2,978,397	736,476	603,115	Subsidiary
Cathay Real Estate Development Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	67,515	67,515	5,489,000	11.00%	95,494	481,930	53,012	Associate
Cathay Real Estate Development Co., Ltd.	San Hsiung Fongshan LaLaport Co., Ltd.	ROC	Department stores industry	204,000	150,000	204,000,000	30.00%	176,352	(100,893)	(30,268)	Associate
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	ROC	Service industry	115,000	15,000	11,500,000	100.00%	131,671	16,665	Note 3	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	120,000	12,000,000	100.00%	76,140	(16,079)	Note 4	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	140,000	14,000,000	100.00%	92,457	(23,282)	Note 4	Subsidiary
San Ching Engineering Co., Ltd.	Cathay Power Inc.	ROC	Solar-power generation industry	1,381,433	1,381,433	111,113,100	30.00%	1,432,891	235,441	70,803	Associate
San Ching Engineering Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	244,770	244,770	19,022,000	38.12%	328,579	481,930	183,713	Associate

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investee could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules:

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should filled in each investee net income.

(3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss.

Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

Note 3: The investment gains and losses have been recognized under equity method by Cathay Hospitality Consulting Co., Ltd.

Note 4: The investment gains and losses have been recognized under equity method by Cymbal Medical Network Co., Ltd.

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Table 10: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Percentage of Ownership (%)
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

VI. Financial Difficulties Occurred to the Company and its Affiliated Enterprises in the Most Recent Years and as of the Date of Publication of Annual Report and the Impact on the Company's Financial Status: None.

Chapter 7. Review of Financial Conditions, Operating Results, and Risk Evaluation

I. Comparison and Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	\$57,455,519	\$59,607,009	\$2,151,490	3.74%
Property, Plant, and Equipment	4,739,779	4,559,240	(180,539)	(3.81%)
Intangible Assets	47,298	51,271	3,973	8.40%
Other Assets	17,846,501	17,804,236	(42,265)	(0.24%)
Total Assets	80,089,097	82,021,756	1,932,659	2.41%
Current Liabilities	30,554,451	32,209,240	1,654,789	5.42%
Non-current Liabilities	22,776,711	21,280,266	(1,496,445)	(6.57%)
Total Liabilities	53,331,162	53,489,506	158,344	0.30%
Capital Stock	11,595,611	11,595,611	0	0.00%
Capital reserve	65,262	118,406	53,144	81.43%
Retained Earnings	12,719,288	14,159,997	1,440,709	11.33%
Other Equity	222,092	435,331	213,239	96.01%
Non-controlling Interests	2,155,682	2,222,905	67,223	3.12%
Total Equity	26,757,935	28,532,250	1,774,315	6.63%
<p>(I) The main reasons for the significant changes of more than 20% in assets, liabilities and shareholders' equities in the most recent two years:</p> <p>Capital Surplus: Increase due to changes in associates and joint ventures accounted for using the equity method.</p> <p>Other Equity: Arising from unrealized gains on financial assets at fair value through other comprehensive income.</p> <p>(II) Effect of the aforesaid changes: No material impact.</p> <p>(III) Future response actions: None.</p>				

II. Comparison and Analysis of Operation Results

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Operating Revenue	\$16,791,732	\$15,480,974	\$(1,310,758)	(7.81%)
Operating Costs	(13,012,678)	(11,120,260)	1,892,418	(14.54%)
Gross Profit	3,779,054	4,360,714	581,660	15.39%
Operating Expenses	(2,303,254)	(1,788,152)	515,102	(22.36%)
Operating Income	1,475,800	2,572,562	1,096,762	74.32%
Non-operating Income and expense	211,850	(97,342)	(309,192)	(145.95%)
Income before Tax	1,687,650	2,475,220	787,570	46.67%
Income tax (expenses) incomes	(387,308)	(255,235)	132,073	(34.10%)
Net profit for the period	1,300,342	2,219,985	919,643	70.72%
Other Comprehensive Income (after Tax)	(1,372,068)	213,236	1,585,304	(115.54%)
Total Comprehensive Income	(71,726)	2,433,221	2,504,947	(3,492.38%)
<p>(I) The main reasons for the significant changes of more than 20% in operating revenue, net operating profit and income before tax in the most recent two years:</p> <p>Operating Expenses: This is due to a decrease in operating expenses.</p> <p>Operating Income: Mainly due to an increase in gross operating profit.</p> <p>Non-operating Income and expenses: Due to an increase in other losses and finance costs.</p> <p>Income before Tax: The increase was due to higher operating income.</p> <p>Income tax (expenses) incomes: This is due to a decrease in land value increment tax for the current period.</p> <p>Net Profit for the Period: Mainly due to the increase in profit before tax.</p> <p>Other Comprehensive Income (after Tax): Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income evaluation of benefits arises.</p> <p>Total Comprehensive Income: Mainly due to the occurrence of other comprehensive income for the period.</p> <p>(II) Effect of the aforesaid changes: No material impact.</p> <p>(III) Future response actions: None.</p>				

III. Analysis and Explanation of Changes in Cash Flow in the Most Recent Year

- (I) Cash outflow from operating activities (NT\$1,961,149 thousands) : Mainly due to increased inventories.
- (II) Cash inflow from investing activities (NT\$39,327 thousands): Mainly due to the decrease in acquisition of property, plant and equipment.
- (III) Cash outflow from financing activities (NT\$3,853,080 thousands): Mainly due to the decrease in long-term and short-term borrowings and the increase in repayment of long-term and short-term borrowings.

(IV) Improvement plan for the lack of liquidity: Accelerating business development and increasing cash inflow.

(V) Liquidity analysis for the coming year:

Unit: NT\$ thousands

Beginning cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Remedy for cash inadequacy	
				Investment plan	Financing plan
5,067,592	14,594,587	(13,475,710)	6,186,469	-	-
Analysis of current year's cash flow changes					
1. Product sales and rental income in 2024 are expected to result in cash inflows from operating activities.					
2. Expenditures for construction in progress, reinvestments, land purchase, dividend and sales advertisements in 2024 are expected to result in cash outflows.					

IV. Impact of Major Capital Expenditures on Financial Business in the Most Recent Year

In order to expand the brand value and business scope, the Company set up a joint venture Zhulun Realty Co., Ltd. with Mitsui Fudosan Taiwan Co., Ltd. to jointly develop projects through the bilateral architectural planning and design and construction quality related technical exchanges. By acquiring the shares of San Hsiung Fongshan LaLaport Co., Ltd., we have joined forces to build a pure Japanese leisure shopping center in Kaohsiung and strengthened our experience in operating commercial facilities. At the same time, in response to the impact of labor and material shortages, green economy and carbon neutrality, we have acquired San-Ching Engineering Co., Ltd. and integrated the upstream and downstream industry chains to reduce costs, enhance competitiveness, and move towards achieving the goal of transforming into a comprehensive developer. In addition, the Company increased its stake in Cathay Hospitality Management Co., Ltd., Cathay Hospitality Consulting Co., Ltd., Cymbal Medical Network Co., Ltd., San Ching Engineering Co., Ltd., Bannan Realty Co., Ltd., Sanchong Realty Co., Ltd., Nankang International No. 1 Co., Ltd., Nankang International No. 2 Co., Ltd., and Cathay Financial Holding Co., Ltd. with total investment value of approximately NT\$5.841 billion, accounting for approximately 22.20% of the Company's net worth, which has no significant impact. It is expected to increase the Company's return on investment through diversified development of investment.

V. Investment Policy in the Most Recent Year, Main Causes for the Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(I) Re-investment policy:

The Company upholds business beliefs, implements its core values, makes use of the group advantages and resources to create a diversified business! In addition to the investment in real estate related construction projects, construction management, building management, urban redevelopment and establishing residential and commercial

development joint venture with internationally renowned real estate company, the Company also expands to life industries such as healthcare management, hotel and restaurant management and e-commerce, and integrates medical clinic system to create diversified income for the Company. It regularly reviews the investment performance and adjust investment positions to achieve profits and minimize losses.

(II) Main Causes for Profits or Losses and Improvement Plans

The investment loss recognized under the equity method in 2023 was NT\$ 690 million, mainly for recognition of operating profits of subsidiaries. In addition, the full-year dividend income from financial assets at fair value through other comprehensive income was NT\$ 61 million. The performance will improve as the epidemic slows down and the revenue gradually increases after the border is opened.

(III) Investment Plans for the Coming Year

With the relaxation of COVID-19 epidemic control around the world, international business and tourism activities have returned to normal, and the hotel business is expected to perform well. However, the inflation remains high globally, and the technology industry is under pressure of de-stocking, leading to layoffs at well-known technology companies from time to time. Given international financial institutions are still bearish on the economic situation in the first half of 2023. The Company will maintain a steady and prudent pace, carefully evaluate potential high-quality investment opportunities in each business unit, and hold profits while seeking progress in a stable manner.

1. Health management business

The health management business will continue with four major strategic focuses: business model transformation, service process reengineering, internal and external resource integration, and infrastructure and logistics strengthening. Through these, we will broaden our service scope by transitioning from health examinations to health promotion, from postpartum inpatient services to after-discharge care, providing more comfortable and professional facilities, and creating a differentiated service experience.

2. Clinic channel business

Based on the increased public emphasis on healthcare needs, the future will be centered on three key areas: heart protection, sugar control, and digestive care. By leveraging group resources to develop specialized outpatient clinics, we will establish a health insurance clinic channel system, absorb external medical resources, expand comprehensive health industry services, and provide comprehensive healthcare services, allowing the public to access convenient, high-quality, and dependable localized services.

3. Hotel and restaurant business

Enhance the brand value and recognition of the Minsheng Branch, Taipei, Zhongxiao Branch, Taipei, Ximen Branch, Tainan, Zhongshan Branch, Kaohsiung, of Hotel Cozzi; Courtyard by Marriott Taipei Downtown, and Cozzi Blu in Taoyuan, while combining with the restaurant business to provide diverse channel platforms and customized services, and create the most comfortable leisure space for international business travelers and domestic tourists.

VI. Assessment of Risk Items in the Most Recent Years and as of the Date of Publication of Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Interest rates: Due to the excessive liquidity released during the pandemic period, which resulted in persistently overheated inflation, central banks of several countries began raising interest rates in 2022 to withdraw excessive market funds, thereby affecting economic and trade performance. Observing this year, with manageable price inflation, the direction of terminating monetary tightening has become a consensus. As concerns about an economic recession deepen amid slowing economic activity, the rate hike cycle has entered its final phase. However, given the ongoing substantial Taiwan-US interest rate differential, Taiwan's policy rates are projected to remain at high levels for some time in 2024. Nevertheless, as of the current stage, domestic real interest rates are still fluctuating between negative and zero rates, imposing a stimulating effect on the real estate market demand.
2. Exchange rate: In 2023, the New Taiwan Dollar continued to depreciate against the US Dollar as a result of the persistent outflow of hot money. However, considering that the monetary tightening policies of European and American countries are nearing their end, the degree of capital outflow from Taiwan is expected to be more restricted. Additionally, the New Taiwan Dollar is likely to return to an appreciation trajectory, benefiting from the recovery in export performance in 2024. In addition, as the real estate industry is predominantly domestic demand-oriented, fluctuations in exchange rates have a relatively minor direct impact on the real estate sector.
3. Inflation: In 2023, affected by inflation, the annual increase rate of the price index is estimated to be 2.46%, which has remained high in recent years. Fortunately, as the supply chain gradually recovers, domestic inflation control remains effective, and the Company has fully collected information related to land and raw material prices, so the impact on the company is minimal.

4. Raw materials: Although the number of new housing starts has decreased significantly in 2023 as a result of major technology companies' significant increase in capital expenditure in recent years and the successive commencement of public construction projects in various locations, high demand has driven up wages and raw material costs. Construction expenses are anticipated to remain at a higher level than in prior years. Considering the global economic recovery, there is a prospect of further increasing the demand for raw materials.
5. Countermeasures: The Company pays close attention to the development of the economic indicators above, continues to analyze their impact on the real estate market, and evaluates and adjusts its business strategy. In terms of raw materials, the Company also strictly controls the construction cost, while taking into account the quality as well as managing the completion schedule in response to the changes in the overall situation in order to create maximum profit for the Company.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

None.

(III) Future Research & Development Projects and Corresponding Budget

1. Research Plans:

Continue the research work of the Cathay Real Estate Index and publish relevant research information at the beginning of each quarter. In addition, in response to the rapid changes in the market, make more efforts in employee training, and strengthen professional education and training, to continue the Company's core values, and enhance the Company's brand and corporate competitive advantage.

2. Expected Research Expenditure:

A budget of NT\$16 million is determined for the professional training of employees and the research of Cathay Real Estate Index.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: In addition to complying with government laws and regulations, the Company also collects, organizes and analyzes the changes in important policies and laws at home and abroad to grasp opportunities and take response measures. Meanwhile, the Company also adheres to the principle of prudent operation, and creates the largest niche for sustainable development.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales: The Company explores and adopts the application of technology in

the Company's products in face of the customer demands and ever-changing technology, to continuously enhance the Company's competitiveness. Meanwhile, the Company invests a lot of manpower and financial resources in research on the changes in the industry to improve the Company's operating performance and profitability.

- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: Since its establishment, the Company has been upholding the tenet of serving the society, benefiting the people, beautifying the environment, and promoting prosperity, and deeply developed the society and established a good corporate image, winning various social honors and affirmations. In addition, the Company has also established a cultural and educational foundation for social welfare activities, enhancing the corporate image.
- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: The Company has no ongoing merger and acquisition activities, so there is no possible risk and response measure.
- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: The Company has no factory expansion plans, so there is no possible risk and response measure.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: The Company is a good builder that can keep abreast of various purchase costs, reduce the operational impact brought by rising costs, and prudently appraise, select and audit each project constructor and deliberate the price; the Company also specializes in marketing research, so it can keep abreast of market trends, create the best sales results against most individual customers; there is no centralized risk in purchase and sales.
- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: the above-mentioned personnel and shareholders all hold the stock equity of the Company for a long term, and they support the Company's operations, so they do not have the intention of transferring a large number of equities and there is no risk generated.
- (XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: The Company's equity structure is stable for a long time, and is managed steadily by professional managers, and there is no risk of change in management rights.
- (XII) List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2)

have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other Major Risks and Response Measures: The Company is free of other risks upon evaluation, and will remain flexible in response to unexpected situations to ensure the sustainable operation of the Company's business.

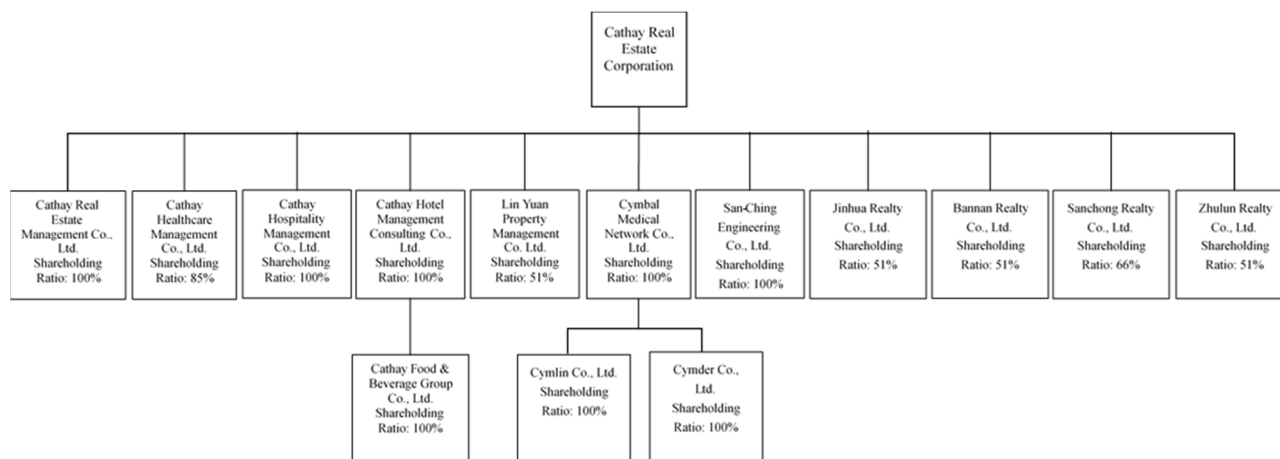
VII. Other Important Matters: None.

Chapter 8. Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies for 2023

1. Organization Chart of Affiliates



2. Basic information of each affiliates

Unit: NT\$ thousands

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Cathay Real Estate Corporation	1964.12.01	2F, No. 218, Dunhua South Road, Taipei City	\$11,595,611	1. Retail of Medical Equipments 2. Department Stores 3. Car Rental and Leasing 4. Parking Garage Business 5. Residence and Buildings Lease Construction and Development 6. Industrial Factory Buildings Lease Construction and Development 7. Specialized Field Construction and Development 8. Public Works Construction and Investment 9. New County and Community Construction and Investment 10. Land Levy and Delimit 11. Reconstruction within the Renewal Area 12. Renovation, or Maintenance within the Renewal Area 13. Construction Management 14. Real Estate Commerce 15. Real Estate Rental and Leasing 16. Real Estate Consignment Brokerage 17. Management Consulting Services 18. Other Consultancy 19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Cathay Real Estate Management Co., Ltd.	2005.03.11	2F, No. 218, Dunhua South Road, Taipei City	\$50,000	<ol style="list-style-type: none"> 1. Construction Management 2. Real Estate Trading 3. Real Estate Rental and Leasing 4. Investment Consultancy 5. Management Consulting Services 6. Agency Services 7. Reconstruction within the Renewal Area 8. Renovation, or Maintenance within the Renewal Area 9. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Healthcare Management Co., Ltd.	2011.03.25	7F, No. 333, Dunhua South Road, Taipei City	\$550,000	<ol style="list-style-type: none"> 1. Cosmetics Manufacturing 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use 5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Other Products 8. Retail of Food Products and Groceries 9. Retail of Articles for Daily Use 10. Retail of Cosmetics 11. Retail of the Second Type Patent Medicine 12. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 13. International Trade 14. Restaurants 15. Intellectual Property 16. Food Consultancy 17. Management Consulting Services 18. Other Consultancy 19. Software Design Services 20. Data Processing Services 21. Digital Information Supply Services 22. Biotechnology Services 23. Manpower Dispatching Services 24. Exhibition Services 25. Rental and Leasing Business 26. Agency Services 27. Beauty Shops 28. Beauty Treatment 29. Athletics and Recreational Sports Stadium 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Real Estate Rental and Leasing 33. Non-store retailers 34. Beverage Wholesale 35. Beverage Manufacturing Industry 36. Baked and Prepared Food Manufacturing Industry 37. Miscellaneous Food Manufacturing

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				38. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Hospitality Management Co., Ltd.	2012.03.27	15F, No. 319, Dunhua South Road, Taipei City	\$250,000	<ol style="list-style-type: none"> 1. Hotels and Motels 2. Food Consultancy 3. Management Consulting Services 4. Artwork Consultation Services 5. Product Designing 6. Landscape and Interior Designing 7. Floriculture Designing 8. Manpower Dispatching Services 9. Supermarkets 10. Convenient Stores 11. International Trade 12. Residence and Buildings Lease Construction and Development 13. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Hotel Management Consulting Co., Ltd.	2018.01.05	15F, No. 319, Dunhua South Road, Taipei City	\$600,000	<ol style="list-style-type: none"> 1. Hotels and Motels 2. Food Consultancy 3. Management Consulting Services 4. Artwork Consultation Services 5. Product Designing 6. Landscape and Interior Designing 7. Floriculture Designing 8. Manpower Dispatching Services 9. Supermarkets 10. Convenient Stores 11. International Trade 12. Residence and Buildings Lease Construction and Development 13. Beverage Stores 14. Restaurants 15. Other Food and Beverage Services 16. Wholesale of Tobacco Products and Alcoholic Beverages 17. Wholesale of Nonalcoholic Beverages 18. Wholesale of Food and Grocery 19. Retail of Food Products and Groceries 20. Retail of Tobacco and Alcoholic Beverages 21. Tourism and Hotel 22. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cathay Food & Beverage Group Co., Ltd.	2022.11.08	15F, No. 319, Dunhua South Road, Taipei City	\$115,000	<ol style="list-style-type: none"> 1. Wholesale of Tobacco and Alcohol 2. Wholesale of Nonalcoholic Beverages 3. Wholesale of Foods and Groceries 4. Retail Sale of Agricultural Products 5. Retail Sale of Livestock Products 6. Retail Sale of Fishery Products 7. Retail Sale of Food, Grocery and Beverage 8. Retail Sale of Tobacco and Alcohol 9. Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				10. Retail Sale of daily commodities 11. International Trade 12. Beverage Shops 13. Restaurants 14. Other Catering 15. Food Consulting 16. Management Consulting 17. General Advertisement Service 18. Product Designing 19. Landscape and Interior Designing 20. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
Lin Yuan Property Management Co. Ltd.	2000.07.01	2F, No. 152 Songjiang Road, Zhongshan District, Taipei City	\$30,000	1. Apartment Building Management Services 2. Manpower Dispatching Services 3. Parking Garage Business 4. Agency Management of Rental Housing 5. Electrical Equipment Installation 6. Interior Decoration 7. Building Cleaning Service 8. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cymbal Medical Network Co., Ltd.	2019.06.26	6F, No. 333, Dunhua South Road, Taipei City	\$350,000	1. Cosmetics Manufacturing 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use 5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Precise Instrument 8. Wholesale of Other Products 9. Retail of Food Products and Groceries 10. Retail of Articles for Daily Use 11. Retail of Cosmetics 12. Retail of the Second Type Patent Medicine 13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 14. Storeless Retail 15. International Trade 16. Intellectual Property 17. Ordinary Investment 18. Venture Capital 19. Real Estate Rental and Leasing 20. Food Consultancy 21. Management Consulting Services 22. Other Consultancy 23. Software Design Services 24. Data Processing Services 25. Digital Information Supply Services 26. Manpower Dispatching Services 27. Exhibition Services

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				28. Rental and Leasing Business 29. Agency Services 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Wholesale of Western Medicine 33. Retail of Western Medicine 34. General Advertising Service 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cymder Co., Ltd.	2019.07.04	6F, No. 333, Dunhua South Road, Taipei City	\$123,000 (Including \$120,000 for ordinary shares and \$3,000 for preferred shares)	1. Cosmetics Manufacturing 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use 5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Precise Instrument 8. Wholesale of Other Products 9. Retail of Food Products and Groceries 10. Retail of Articles for Daily Use 11. Retail of Cosmetics 12. Retail of the Second Type Patent Medicine 13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 14. Storeless Retail 15. International Trade 16. Intellectual Property 17. Ordinary Investment 18. Venture Capital 19. Real Estate Rental and Leasing 20. Food Consultancy 21. Management Consulting Services 22. Other Consultancy 23. Software Design Services 24. Data Processing Services 25. Digital Information Supply Services 26. Manpower Dispatching Services 27. Exhibition Services 28. Rental and Leasing Business 29. Agency Services 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments 33. Athletics and Recreational Sports Stadium 34. Sports Training 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Cymlin Co., Ltd.	2020.02.13	1F, No. 189, Wuling Road,	\$143,000	1. Cosmetics Manufacturing

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
		North District, Hsinchu City	(Including \$140,000 for ordinary shares and \$3,000 for preferred shares)	<ol style="list-style-type: none"> 2. Computing Equipments Installation Construction 3. Wholesale of Food and Grocery 4. Wholesale of Articles for Daily Use 5. Wholesale of Cosmetics 6. Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles 7. Wholesale of Precise Instrument 8. Wholesale of Other Products 9. Retail of Food Products and Groceries 10. Retail of Articles for Daily Use 11. Retail of Cosmetics 12. Retail of the Second Type Patent Medicine 13. Retail of Stationery Articles, Musical Instruments and Educational Entertainment Articles 14. Storeless Retail 15. International Trade 16. Intellectual Property 17. Ordinary Investment 18. Venture Capital 19. Real Estate Rental and Leasing 20. Food Consultancy 21. Management Consulting Services 22. Other Consultancy 23. Software Design Services 24. Data Processing Services 25. Digital Information Supply Services 26. Manpower Dispatching Services 27. Exhibition Services 28. Rental and Leasing Business 29. Agency Services 30. Wholesale of Drugs, Medical Goods 31. Retail of Drugs, Medical Goods 32. Retail of Cloth, Clothing, Shoes, Hats, Umbrellas and Garments 33. Athletics and Recreational Sports Stadium 34. Sports Training 35. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
San-Ching Engineering Co., Ltd.	1961.08.03	12F, No. 218, Sec. 2, Dunhua South Road, Taipei City	\$1,200,000	<ol style="list-style-type: none"> 1. Comprehensive Construction Activities 2. Tap Water Pipelines Contractors 3. Electric Appliance Construction 4. Refrigeration and Air Conditioning Engineering 5. Indoor Decoration 6. Painting Engineering 7. Wholesale of Building Materials 8. International Trade 9. Real Estate Business 10. Real Estate Leasing 11. Energy Technical Services

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				12. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
Jinhua Realty Co., Ltd.	2020.08.19	2F, No. 218, Sec. 2, Dunhua South Road, Taipei City	\$800,000	1. Residence and Buildings Lease Construction and Development 2. Industrial Factory Buildings Lease Construction and Development 3. Specialized Field Construction and Development 4. Public Works Construction and Investment 5. New County and Community Construction and Investment 6. Land Levy and Delimit 7. Reconstruction within the Renewal Area 8. Renovation, or Maintenance within the Renewal Area 9. Construction Management 10. Real Estate Commerce 11. Real Estate Rental and Leasing 12. Management Consulting Services 13. Other Consultancy 14. Parking Garage Business 15. International Trade 16. Storeless Retail 17. Wholesale of Fireproofing Materials 18. Department Stores 19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Bannan Realty Co., Ltd.	2020.09.26	2F, No. 218, Sec. 2, Dunhua South Road, Taipei City	\$1,150,000	1. Residence and Buildings Lease Construction and Development 2. Industrial Factory Buildings Lease Construction and Development 3. Specialized Field Construction and Development 4. Public Works Construction and Investment 5. New County and Community Construction and Investment 6. Land Levy and Delimit 7. Reconstruction within the Renewal Area 8. Renovation, or Maintenance within the Renewal Area 9. Construction Management 10. Real Estate Commerce 11. Real Estate Rental and Leasing 12. Management Consulting Services 13. Other Consultancy 14. Parking Garage Business 15. Storeless Retail 16. Department Stores 17. International Trade 18. Wholesale of Fireproofing Materials 19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Sanchong Realty Co., Ltd.	2021.11.29	2F, No. 218, Dunhua South Road, Taipei City	\$2,780,000	<ol style="list-style-type: none"> 1. Residence and Buildings Lease Construction and Development 2. Industrial Factory Buildings Lease Construction and Development 3. Specialized Field Construction and Development 4. Public Works Construction and Investment 5. New County and Community Construction and Investment 6. Land Levy and Delimit 7. Reconstruction within the Renewal Area 8. Renovation, or Maintenance within the Renewal Area 9. Construction Management 10. Real Estate Commerce 11. Real Estate Rental and Leasing 12. Management Consulting Services 13. Other Consultancy 14. Parking Garage Business 15. Wholesale of Fireproofing Materials 16. Department Stores 17. International Trade 18. Storeless Retail 19. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Zhulun Realty Co., Ltd.	2022.11.28	2F, No. 218, Dunhua South Road, Taipei City	\$400,000	<ol style="list-style-type: none"> 1. Residence and Buildings Lease Construction and Development 2. Industrial Factory Buildings Lease Construction and Development 3. Specialized Field Construction and Development 4. Public Works Construction and Investment 5. New County and Community Construction and Investment 6. Land Levy and Delimit 7. Reconstruction within the Renewal Area 8. Renovation, or Maintenance within the Renewal Area 9. Construction Management 10. Real Estate Commerce 11. Real Estate Rental and Leasing 12. Management Consulting Services 13. Other Consultancy 14. Parking Garage Business 15. Retail Sale No Storefront 16. International Trade 17. Supermarkets 18. Department Stores 19. Convenience Stores 20. Wholesale of Refractory Materials 21. Beverage Shops 22. Restaurants 23. Rental and Leasing

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
				24. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

3. For those who are concluded in the controlling and subordinate relation, the information of the same shareholder

Unit: NT\$ thousand; share; %

Constructive Reason	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Paid-in Capital	Main Businesses and Products
		Number of Shares	Shareholding Ratio				
N/A							

Note 1. If the corporate shareholder is the same, fill in the name of the corporate; if the natural person shareholder is the same, fill in the name of the natural person. For natural person shareholders, only fill in the constructive reason, name and shareholding.

Note 2. Shareholding refers to shares of controlling companies held by the shareholders.

4. Directors, Supervisors and President of Affiliates

Unit: Share; %

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Cathay Real Estate Corporation	Chairman	Representative of He Xin Industrial Co., Ltd.: Chang, Ching-Kuei	22,000,000	1.90%
	Director and President	Representative of He Xin Industrial Co., Ltd.: Lee, Hung-Ming	22,000,000	1.90%
	Director	Representative of He Xin Industrial Co., Ltd.: Tsai, Chung-Yan	22,000,000	1.90%
	Director	Representative of Cathay Charity Foundation: Chuang, Wan-Hua	5,941,332	0.51%
	Director	Representative of Cathay Real Estate Foundation: Chu, Chung-Chang	2,353,690	0.20%
	Director	Representative of the Employee Welfare Committee of Cathay Real Estate Corporation: Lin, Chin-Liang	2,754,800	0.24%
	Independent Director	James Y. Chang	0	0
	Independent Director	Yu, Tsu-Kang	0	0
	Independent Director	Lee, Li-Kun	0	0
Cathay Real Estate Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	5,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	5,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	5,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Liao, Li-Chi	5,000,000	100%
Cathay Healthcare	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	46,750,000	85%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
Management Co., Ltd.	Director and President	Representative of Cathay Real Estate Corporation: Lee, Wei-Te	46,750,000	85%
	Vice Chairman	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	46,750,000	85%
	Supervisor	Representative of Cathay Venture Capital Co., Ltd.: Wu, Ming-Hui	8,250,000	15%
Cathay Hospitality Management Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	25,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	25,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	25,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	25,000,000	100%
Cathay Hotel Management Consulting Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Lee, Hung-Ming	60,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Chuang, Wan-Hua	60,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	60,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Hsu, Tso-Hsing	60,000,000	100%
Cathay Food & Beverage Group Co., Ltd.	Chairman	Representative of Cathay Hotel Management Consultant Co., Ltd.: Lee, Hung-Ming	11,500,000	100%
	Director and President	Representative of Cathay Hotel Management Consultant Co., Ltd.: Chuang, Wan-Hua	11,500,000	100%
	Director	Representative of Cathay Hotel Management Consultant Co., Ltd.: Lin, Chin-Liang	11,500,000	100%
	Supervisor	Representative of Cathay Hotel Management Consultant Co., Ltd.: Hsu, Tso-Hsing	11,500,000	100%
Lin Yuan Property Management Co. Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Pan, Ching-Ming	1,530,000	51%
	Director	Representative of Cathay Real Estate Corporation: Chen, Chia-Yen	1,530,000	51%
	Director	Representative of Cathay Life Insurance Corporation: Kuo, Wen-Kai	1,470,000	49%
	Director	Representative of Cathay Life Insurance Corporation: Gao, Ying-Xiang	1,470,000	49%
	Supervisor	Cheng, Hsu-Fung	0	0
Cymbal Medical Network Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Chang, Ching-Kuei	35,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Lee, Wei-Te	35,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Tsai, Chung-Yan	35,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Wu, Ming-Hui	35,000,000	100%
Cymder Co., Ltd.	Chairman	Cymbal Medical Network Co., Ltd.: Chang, Ching-Kuei	12,000,000	100%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
	Director and President	Representative of Cymbal Medical Network Co., Ltd.: Lee, Wei-Te	12,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	12,000,000	100%
	Supervisor	Wu, Ming-Hui	0	0
Cymlin Co., Ltd.	Chairman	Cymbal Medical Network Co., Ltd.: Chang, Ching-Kuei	14,000,000	100%
	Director and President	Representative of Cymbal Medical Network Co., Ltd.: Lee, Wei-Te	14,000,000	100%
	Director	Cymbal Medical Network Co., Ltd.: Tsai, Chung-Yan	14,000,000	100%
	Supervisor	Wu, Ming-Hui	0	100%
San-Ching Engineering Co., Ltd.	Chairman	Representative of Cathay Real Estate Corporation: Wu, Ming-Hui	120,000,000	100%
	Director and President	Representative of Cathay Real Estate Corporation: Ye, Da-Jia	120,000,000	100%
	Director	Representative of Cathay Real Estate Corporation: Ye, Deng-Ke	120,000,000	100%
	Supervisor	Representative of Cathay Real Estate Corporation: Lin, Weng-Chuan	120,000,000	100%
Jinhua Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	40,800,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	40,800,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	39,200,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	39,200,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Bannan Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	58,650,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	58,650,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	58,650,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	56,350,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	56,350,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Sanchong Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	183,480,000	66%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	183,480,000	66%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	183,480,000	66%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	94,520,000	34%

Name of Company	Title	Name or Representative	Shareholding	
			Shareholding	Shareholding Ratio
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	94,520,000	34%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0
Zhulun Realty Co., Ltd.	Chairman and President	Representative of Cathay Real Estate Corporation: Lin, Chin-Liang	20,400,000	51%
	Director	Representative of Cathay Real Estate Corporation: Kuo, Chun- Ho	20,400,000	51%
	Director	Representative of Cathay Real Estate Corporation: Ku, Shang-Chieh	20,400,000	51%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ono Hiroshi	19,600,000	49%
	Director	Mitsui Fudosan Taiwan Co., Ltd.: Ito Tsunaki	19,600,000	49%
	Supervisor	Liao, Li-Chi	0	0
	Supervisor	Kihara Kensuke	0	0

5. Operating status of affiliates

Unit: NT\$ thousands

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net value	Operating Revenue	Operating Income	Profit or Loss (after Tax)	Earnings per share (NT\$) (after taxes)
Cathay Real Estate Corporation	\$11,595,611	\$66,810,725	\$40,501,380	\$26,309,345	\$6,829,160	\$1,683,212	\$2,164,437	\$1.87
Cathay Real Estate Management Co., Ltd.	50,000	186,923	47,406	139,517	69,596	47,818	42,688	8.54
Cathay Healthcare Management Co., Ltd.	550,000	2,857,534	2,095,748	761,786	978,855	284,821	152,605	2.77
Cathay Hospitality Management Co., Ltd.	250,000	2,564,816	2,531,766	33,050	926,755	19,553	(34,486)	(1.38)
Cathay Hotel Management Consulting Co., Ltd.	600,000	3,760,520	3,685,785	74,735	978,760	33,900	(37,647)	(0.63)
Cathay Food & Beverage Group Co., Ltd.	115,000	194,500	62,829	131,671	263,506	16,900	16,665	1.59
Lin Yuan Property Management Co. Ltd.	30,000	481,365	336,603	144,762	1,567,320	110,662	90,507	30.17
Cymbal Medical Network Co., Ltd.	350,000	231,160	58,787	172,373	7,907	(35,157)	(75,346)	(2.15)
Cymder Co., Ltd.	120,000 (ordinary) 3,000 (preferred)	90,795	11,655	79,140	7,778	(15,929)	(16,079)	(1.34)
Cymlin Co., Ltd.	140,000 (ordinary) 3,000 (preferred)	227,822	132,365	95,457	10,009	(19,960)	(23,282)	(1.66)
San-Ching Engineering Co., Ltd.	1,200,000	6,691,855	3,597,633	3,094,222	8,266,379	602,760	736,476	6.14
Jinhua Realty Co., Ltd.	800,000	3,224,490	2,504,321	720,169	-	(6,342)	(3,161)	(0.04)
Bannan Realty Co., Ltd.	1,150,000	1,155,357	26,840	1,128,517	-	(8,045)	(5,087)	(0.04)
Sanchong Realty Co., Ltd.	2,780,000	4,132,768	1,378,008	2,754,760	2,762	(16,935)	(13,077)	(0.05)
Zhulun Realty Co., Ltd.	400,000	387,056	874	386,182	-	(8,884)	(6,536)	(0.16)

6. Overview of Businesses of Affiliates

(1) Businesses covered by the affiliated companies' overall operations:

1. Cathay Real Estate Corporation: Construction.
2. Cathay Real Estate Management Co., Ltd.: Construction management.
3. Cathay Healthcare Management Co., Ltd.: Consulting service.
4. Cathay Hospitality Management Co., Ltd.: Service.
5. Cathay Hospitality Consulting Co., Ltd.: Service.
6. Cathay Food & Beverage Group Co., Ltd.: Service.
7. Lin Yuan Property Management Co. Ltd.: Apartment Buildings Management Service.
8. Cymbal Medical Network Co., Ltd.: Wholesale of Drugs, Medical Goods.
9. Cymder Co., Ltd.: Manpower Dispatching Services and Leasing Industry.
10. Cymlin Co., Ltd.: Manpower Dispatching Services and Leasing Industry.
11. San-Ching Engineering Co., Ltd.: Integrated construction business.
12. Jinhua Realty Co., Ltd.: Housing and Building Development and Rental Industry.
13. Bannan Realty Co., Ltd.: Housing and Building Development and Rental Industry.
14. Sanchong Realty Co., Ltd.: Housing and Building Development and Rental Industry.
15. Zhulun Realty Co., Ltd.: Housing and Building Development and Rental Industry.

(2) Division of labor for exchange and cooperation of overall related companies:

The main business of Cathay Real Estate Development Co., Ltd. is entrusting manufacturers to build public housing and commercial building for leasing and sales. It is independent of each subsidiary and has no division of labor.

(II) Statement of Relationship

1. Statement of Declaration

Statement of Declaration

The Company's 2023 (from January 1 to December 31, 2023) affiliation report is compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information is largely consistent with the related information disclosed in the financial statements of the period

Sincerely,

Company Name: Cathay Real Estate Corporation

Chairman: Chang, Ching-Kuei

March 14, 2024

2. Statement of Opinions

Attn: Cathay Real Estate Corporation

Subject: Express opinions on whether the statement of your management as to the 2023 Affiliation Report is reasonable in material respects.

Note: We have completed the preparation of the 2023 Affiliation Report of your Company, and issued a statement providing that the aforesaid report was compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information in the Notes to Financial Statements for 2023 is free of material inconsistency.

In our opinion, the statement made by the management of your company in relation to the 2023 Affiliation Report is reasonable in all material respects.

Ernst & Young

Hsu, Jung-Huang

Accountant:

Ma, Chun-Ting

March 14, 2024

3. Overview of the relationship between the subordinate company and the controlling company

Unit: Share; %

Name of Controlling Company	Reasons for the Control	Shares held and pledged by the controlling company			Any Directors, Supervisors, Or Managerial Officers Appointed to the Subordinate Company by the Controlling Company	
		Shareholding	Shareholding ratio	Shares Pledged	Title	Name
He Xin Industrial Co., Ltd.	The Chairman, President and Directors of the Company are appointed by the controlling company	22,000,000	1.90%	0	Chairman Director and President Director	Chang, Ching-Kuei Lee, Hung-Ming Tsai, Chung-Yan

Note: Where the controlling company of a subordinate company is the subordinate company of the other company, the relevant information of the other company should also be filled in. The same shall apply to any other company which is a subordinate company of another company.

4. Transactions Details

- (1) Purchase-sales transaction: None.
- (2) Property transaction: None.
- (3) Capital financing: None.
- (4) Asset leasing: None.
- (5) Other important transactions: None.

5. Endorsement and guarantee: None.

6. Effects on financial operations: None.

II. **Private Placement Securities in the Most Recent Years and as of the Date of Publication of the Annual Report:** None.

III. **Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Years and as of the Date of Publication of the Annual Report:** None.

IV. **Other Necessary Supplementary Explanations:** None.

V. **Events That Have Significant Influence on Shareholders' Equity or on the Price of Securities as Specified in Subparagraph 2, paragraph 2, Article 36 of Securities and Exchange Act in the Most Recent Year as of the Date of Publication of the Annual Report:** None.