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

**CATHAY REAL ESTATE DEVELOPMENT CO., LTD.**

# Parent Company Only Financial Statements

## For the Years Ended

## December 31, 2022 and 2021

## Report of Independent Auditors

The reader is advised that parent company only 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, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 the Company 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 2022 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 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 have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$1,533,972 thousand, representing 2.38% of the total assets as of December 31, 2022. The related shares of profits from the associates and joint venture under the equity method amounted to NT$14,128 thousand, representing 1.06% of the income before tax for the year ended December 31, 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 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 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 the Company. 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 the Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 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, 2023

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

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

| Assets | | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|---|
| Code | Items | Notes | Amount | % | Amount | % |
| | Current Assets | | | | | |
| 1100 | Cash and cash equivalents | 4, 6(1) & 7 | $7,089,816 | 11 | $1,897,739 | 3 |
| 1120 | Financial assets at fair value through other comprehensive income-current | 4 & 6(2) | 2,558,725 | 4 | 3,605,083 | 6 |
| 1150 | Notes receivable, net | 4 & 6(3),(19) | 37,966 | - | 20,890 | - |
| 1170 | Accounts receivable, net | 4, 6(4),(19) | 4,071 | - | 152,719 | - |
| 1180 | Accounts receivable-related parties, net | 4, 6(4),(19) & 7 | 1,465 | - | 899 | - |
| 1200 | Others receivables | 7 | 11,163 | - | 2,148 | - |
| 130x | Inventories | 4, 6(5) & 7 | 33,776,123 | 52 | 34,085,213 | 60 |
| 1410 | Prepayments | | 75,081 | - | 4,546 | - |
| 1470 | Others current assets | | 27,401 | - | 50,743 | - |
| 1480 | Incremental costs of obtaining contracts-current | 4, 6(5),(18) | 1,010,700 | 2 | 777,147 | 2 |
| 11xx | Total current assets | | 44,592,511 | 69 | 40,597,127 | 71 |
| | Non-currents Assets | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income-non-current | 4 & 6(2) | 647,654 | 1 | 2,201,116 | 4 |
| 1550 | Investment accounted for using equity method | 4, 6(6),(26)&7 | 7,057,852 | 11 | 2,242,335 | 4 |
| 1600 | Property, plant and equipment | 4, 6(7) &7 | 103,550 | - | 59,501 | - |
| 1755 | Right-of-use assets | 4, 6(20) &7 | 22,650 | - | 36,585 | - |
| 1760 | Investment properties, net | 4 & 6(8) | 10,539,484 | 16 | 10,527,724 | 18 |
| 1780 | Intangible assets | 4 & 6(9) | 5,223 | - | 4,641 | - |
| 1840 | Deferred tax assets | 4 & 6(24) | 373,209 | 1 | 330,412 | 1 |
| 1900 | Other non-currents assets | 6(10) & 7 | 1,168,825 | 2 | 1,319,076 | 2 |
| 15xx | Total non-currents assets | | 19,918,447 | 31 | 16,721,390 | 29 |
| 1xxx | Total Assets | | $64,510,958 | 100 | $57,318,517 | 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)

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

| Liabilities and Equity | | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|---|
| Code | Items | Notes | Amount | % | Amount | % |
| | Current Liabilities | | | | | |
| 2100 | Short-term loans | 4, 6(11) & 7 | $11,800,000 | 18 | $10,770,000 | 19 |
| 2110 | Short-term notes payable | 4 & 6(12) | 1,994,580 | 3 | 1,958,065 | 4 |
| 2130 | Contract liabilities-current | 4 & 6(18) | 5,500,109 | 9 | 4,627,062 | 8 |
| 2150 | Notes payable | | 41,609 | - | 153,346 | - |
| 2170 | Accounts payable | | 731,476 | 1 | 703,799 | 1 |
| 2180 | Accounts payable-related parties | 7 | 659,476 | 1 | 170 | - |
| 2200 | Other payables | | 465,984 | 1 | 175,334 | - |
| 2230 | Current tax liabilities | 4 | 42,032 | - | 9,208 | - |
| 2280 | Lease liabilities-current | 4, 6(20) & 7 | 15,247 | - | 25,474 | - |
| 2300 | Other current liabilities | | 32,962 | - | 1,028,083 | 2 |
| 2320 | Long-term loans-current portion | 4 & 6(13) | 4,150,000 | 7 | 1,500,000 | 3 |
| 21xx | Total current liabilities | | 25,433,475 | 40 | 20,950,541 | 37 |
| | Non-Current Liabilities | | | | | |
| 2540 | Long-term loans | 4 & 6(13) | 14,271,550 | 22 | 10,728,685 | 19 |
| 2570 | Deferred tax liabilities | 4 & 6(24) | 10,049 | - | 10,049 | - |
| 2580 | Lease liabilities-non-current | 4, 6(20) & 7 | 6,546 | - | 10,481 | - |
| 2600 | Other non-current liabilities | 6(14) & 7 | 187,085 | - | 181,149 | - |
| 25xx | Total non-current liabilities | | 14,475,230 | 22 | 10,930,364 | 19 |
| 2xxx | Total Liabilities | | 39,908,705 | 62 | 31,880,905 | 56 |
| | Equity | 4 | | | | |
| 3100 | Capital stock | | | | | |
| 3110 | Common stock | 6(15) | 11,595,611 | 18 | 11,595,611 | 20 |
| 3200 | Capital surplus | 6(16) | 65,262 | - | 38,846 | - |
| 3300 | Retained earnings | 6(17) | | | | |
| 3310 | Legal capital reserve | | 4,723,658 | 7 | 4,638,904 | 8 |
| 3320 | Special capital reserve | | 504,189 | 1 | 504,189 | 1 |
| 3350 | Unappropriated retained earnings | | 7,491,441 | 12 | 7,191,237 | 12 |
| | Total retained earnings | | 12,719,288 | 20 | 12,334,330 | 21 |
| 3400 | Other equity | | 222,092 | - | 1,468,825 | 3 |
| 3xxx | Total Equity | | 24,602,253 | 38 | 25,437,612 | 44 |
| | Total Liabilities and Equity | | $64,510,958 | 100 | $57,318,517 | 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, 2022 and 2021

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

(Expressed in thousands of New Taiwan Dollars)

| Code | Items | Notes | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenues | 4, 6(8),(18),(20) & 7 | $14,126,629 | 100 | $9,833,582 | 100 |
| 5000 | Operating costs | 4, 6(5),(8),(9),(14),(20),(21) & 7 | (11,538,284) | (82) | (7,438,327) | (76) |
| 5900 | Gross margin | | 2,588,345 | 18 | 2,395,255 | 24 |
| 5910 | Unrealized sales profit | | (56,202) | - | - | - |
| 5920 | Realized sales profit | | 41 | - | 41 | - |
| 5950 | Gross margin, net | | 2,532,184 | 18 | 2,395,296 | 24 |
| 6000 | Operating expenses | 4, 6(8),(9),(14),(20),(21) & 7 | | | | |
| 6200 | Administrative expenses | | (1,272,805) | (9) | (950,286) | (9) |
| 6450 | Expected credit profit (loss) | 4 & 6(19) | - | - | 9 | - |
| | Total operating expenses | | (1,272,805) | (9) | (950,277) | (9) |
| 6900 | Operating income | | 1,259,379 | 9 | 1,445,019 | 15 |
| 7000 | Non-operating income and expenses | 4, 6(22) & 7 | | | | |
| 7100 | Interest income | | 11,550 | - | 667 | - |
| 7010 | Other income | | 619,119 | 5 | 215,093 | 2 |
| 7020 | Other gains or losses | | 3,535 | - | 2,772 | - |
| 7050 | Finance costs | 7 | (161,604) | (1) | (85,955) | (1) |
| 7070 | Share of profit or loss of subsidiaries, associates and joint ventures | 4 & 6(6) | (405,289) | (3) | (653,728) | (6) |
| | Total non-operating income and expenses | | 67,311 | 1 | (521,151) | (5) |
| 7900 | Income before Income tax | | 1,326,690 | 10 | 923,868 | 10 |
| 7950 | Income tax expense | 4 & 6(24) | (118,941) | (1) | (76,329) | (1) |
| 8200 | Net income | | 1,207,749 | 9 | 847,539 | 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 | | (5,322) | - | (598) | - |
| 8316 | Valuation gain (losses) on equity instruments at fair value through other comprehensive income | | (1,355,894) | (10) | 1,295,092 | 13 |
| 8330 | 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 | | (14,067) | - | 465 | - |
| 8349 | Income tax related to items not be reclassified to profit or loss in subsequent periods | | 1,064 | - | 120 | - |
| 8360 | To be reclassified to profit or loss in subsequent periods | | | | | |
| 8380 | 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 | | 432 | - | - | - |
| | Other comprehensive (losses) income, net of tax | | (1,373,787) | (10) | 1,295,079 | 13 |
| 8500 | Total comprehensive income | | $(166,038) | (1) | $2,142,618 | 22 |
| | Earnings Per Share (In dollars) | 6(25) | | | | |
| 9750 | Basic earnings per share | | $1.04 | | $0.73 | |
| 9850 | Diluted earnings per share | | $1.04 | | $0.73 | |

(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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

| | | | | Retained Earnings | | | Other Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital Stock | Capital Surplus | 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 | Total Equity |
| Code | Items | 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 3445 | 3XXX |
| A1 | Balance on January 1, 2021 | $11,595,611 | $39,515 | $4,489,507 | $504,189 | $7,652,656 | $- | $156,565 | $17,181 | $24,455,224 |
| | Appropriation and distribution of earnings for the year 2020 | | | | | | | | | |
| B1 | Legal capital reserve | - | - | 149,397 | - | (149,397) | - | - | - | - |
| B5 | Cash dividends on common stock | - | - | - | - | (1,159,561) | - | - | - | (1,159,561) |
| C17 | Changes in other capital surplus | - | (669) | - | - | - | - | - | - | (669) |
| D1 | Net income for the year ended December 31, 2021 | - | - | - | - | 847,539 | - | - | - | 847,539 |
| D3 | Other comprehensive income (loss), net of tax for the year ended December 31, 2021 | - | - | - | - | - | - | 1,295,089 | (10) | 1,295,079 |
| D5 | Total comprehensive income (loss) | - | - | - | - | 847,539 | - | 1,295,089 | (10) | 2,142,618 |
| Z1 | Balance on December 31, 2021 | 11,595,611 | 38,846 | 4,638,904 | 504,189 | 7,191,237 | - | 1,451,654 | 17,171 | 25,437,612 |
| | Appropriation and distribution of earnings for the year 2021 | | | | | | | | | |
| B1 | Legal capital reserve | - | - | 84,754 | - | (84,754) | - | - | - | - |
| B5 | Cash dividends on 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 on December 31, 2022 | $11,595,611 | $65,262 | $4,723,658 | $504,189 | $7,491,441 | $432 | $224,652 | $(2,992) | $24,602,253 |

(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, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

| Code | Items | 2022 Amount | 2021 Amount |
|---|---|---|---|
| AAAA | Cash flows from operating activities | | |
| A10000 | Net income before tax | $1,326,690 | $923,868 |
| A20000 | Adjustments: | | |
| A20100 | Depreciation | 206,290 | 232,000 |
| A20200 | Amortization | 2,591 | 1,818 |
| A20300 | Expected credit loss (gain) | - | (9) |
| A20900 | Interest expenses | 161,604 | 85,955 |
| A21200 | Interest income | (11,550) | (667) |
| A21300 | Dividend income | (204,369) | (146,949) |
| A22400 | Share of profit or loss of associates and joint ventures | 405,289 | 653,728 |
| A22500 | Loss (gain) on disposal of property, plant and equipment | (4,279) | (3,960) |
| A23900 | Unrealized sales profit (loss) | 56,202 | - |
| A29900 | Others | (281,818) | - |
| A30000 | Changes in operating assets and liabilities: | | |
| A31130 | Decrease (increase) in notes receivable | (17,076) | 10,637 |
| A31150 | Decrease (increase) in accounts receivable | 148,648 | 88,167 |
| A31160 | Decrease (increase) in accounts receivable-related parties | (566) | (855) |
| A31180 | Decrease (increase) in other receivables | (9,016) | 10,859 |
| A31200 | Decrease (increase) in inventories | 417,262 | (6,871,562) |
| A31230 | Decrease (increase) in prepayments | (70,535) | (1,618) |
| A31240 | Decrease (increase) in other current assets | 23,342 | 49,101 |
| A31270 | Decrease (increase) in incremental costs of obtaining contracts | (233,553) | (144,118) |
| A31990 | Decrease (increase) in other operating assets | (49,947) | 34,807 |
| A32125 | Increase (decrease) in contract liabilities | 873,047 | 205,863 |
| A32130 | Increase (decrease) in notes payable | (111,737) | 92,544 |
| A32150 | Increase (decrease) in accounts payable | 27,677 | (152,958) |
| A32160 | Increase (decrease) in accounts payable-related parties | 659,306 | (48,856) |
| A32180 | Increase (decrease) in other payables | 286,270 | (150,028) |
| A32230 | Increase (decrease) in other current liabilities | (995,121) | 961,029 |
| A33000 | Cash inflow generated from operations | 2,604,651 | (4,171,204) |
| A33100 | Interests received | 11,551 | 669 |
| A33500 | Income taxes paid | (127,850) | (88,575) |
| AAAA | Net cash generated by (used in) operating activities | 2,488,352 | (4,259,110) |
| BBBB | Cash flow 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 | (4,997,840) | (940,660) |
| B02700 | Acquisition of property, plant and equipment | (68,271) | (25,642) |
| B02800 | Disposal of property, plant and equipment | 4,926 | 10,455 |
| B04500 | Acquisition of intangible assets | (3,173) | (3,479) |
| B06700 | Increase in other non-current assets | - | (66,831) |
| B06800 | Decrease in other non-current assets | 150,251 | - |
| B07600 | Dividends received | 277,613 | 285,712 |
| BBBB | Net cash generated by (used in) investing activities | (3,460,083) | (740,445) |
| CCCC | Cash flow from financing activities | | |
| C00100 | Increase in short-term loans | 1,030,000 | 4,160,000 |
| C00500 | Increase in short-term notes payable | 36,515 | 539,211 |
| C01600 | Proceeds from long-term loans | 9,231,550 | 7,728,685 |
| C01700 | Repayment of long-term loans | (3,038,685) | (6,129,741) |
| C04020 | Repayment of principal of lease liabilities | (28,442) | (24,934) |
| C04300 | Increase in other non-current liabilities | 614 | 5,510 |
| C04500 | Payment of cash dividends | (695,737) | (1,159,561) |
| C05600 | Interests paid | (371,285) | (190,641) |
| C09900 | Other financing activities | (722) | (669) |
| CCCC | Net cash generated by (used in) financing activities | 6,163,808 | 4,927,860 |
| EEEE | Net increase (decrease) in cash and cash equivalents | 5,192,077 | (71,695) |
| E00100 | Cash and cash equivalents, beginning of period | 1,897,739 | 1,969,434 |
| E00200 | Cash and cash equivalents, end of period | $7,089,816 | $1,897,739 |

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

**Cathay Real Estate Development Co., Ltd.**
**Notes to Parent Company Only Financial Statements**
**For the Years Ended December 31, 2022 and 2021**
**(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 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, 2022 and 2021 were authorized for issue by the Board of Directors on March 14, 2023.

## 3. APPLICATION OF 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 endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. 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, but not yet adopted by the Company as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|---|---|---|
| 1 | Disclosure Initiative - Accounting Policies – Amendments to IAS 1 | 1 January 2023 |
| 2 | Definition of Accounting Estimates – Amendments to IAS 8 | 1 January 2023 |
| 3 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | 1 January 2023 |

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2023 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 at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|---|---|---|
| 1 | 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 |
| 2 | IFRS 17 “Insurance Contracts” | 1 January 2023 |
| 3 | Classification of Liabilities as Current or Non-current - Amendments to IAS 1 | 1 January 2024 |
| 4 | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | 1 January 2024 |
| 5 | Non-current Liabilities with Covenants – Amendments to IAS 1 | 1 January 2024 |

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 1 January 2023 (from the original effective date of 1 January 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 1 January 2023.

C. 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.

D. 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.

E. 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.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company 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 SIGNIFICANT ACCOUNTING POLICIES

### (1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 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.

Transactions in foreign currencies are initially recorded by the Company 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 at 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

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 are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over 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 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 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 trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

**(6) Cash 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.

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 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.

*Financial asset 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 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 should be 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 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 dividends 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 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 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 trade receivables 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.

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.

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**

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes 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) Investments accounted for using the 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.

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 Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, 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 on a prorate basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company 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 Company disposes of the associate.

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 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 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.
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, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. The Company recognizes its interest in the jointly controlled entities using the equity method continuously.

## (11) Property, plant and equipment

Property, plant and equipment are 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 gain or loss as incurred.

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

Buildings: 5~50 years
Leased assets: 5 years
Leasehold improvements: The shorter of lease terms or economic useful lives
Other equipment:3~5 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 property**

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 | 2~50 years |

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, 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.

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 received by 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.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. And this practical expedient has been applied to all eligible rent concessions.

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 amortized 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
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 at 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 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. 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 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:

Construction income

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 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 interests and other costs that an entity incurs relating to 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. 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 and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to other equity 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.

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 ventures, 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 way 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.

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 requires management to make judgments, 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 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. Retirement benefits plans

The cost of retirement 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, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

D. Income tax

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 counties 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 carry forward 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, 2022, the deferred income tax assets that the Company has not recognize, please refer to Note 6 for more details.

E. Inventory evaluation

The Company must use the judgment and estimate 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 Company 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.

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. Please refer to Note 6 for more details.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cash on hand and petty cash | $290 | $283 |
| Checking accounts and demand deposit | 4,546,483 | 1,872,465 |
| Cash equivalent-short-term notes | 2,543,043 | 24,991 |
| Total | $7,089,816 | $1,897,739 |

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, | |
|---|---|---|
| | 2022 | 2021 |
| Equity instruments investments measured at fair value through other comprehensive income - current: | | |
| Listed company's stocks | $2,558,725 | $3,605,083 |
| Equity instruments investments measured at fair value through other comprehensive income - non-current: | | |
| Unlisted company's stocks | $647,654 | $2,201,116 |

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Related to investments held at the end of the reporting period | $204,369 | $146,949 |
| Related to investments derecognized during the period | - | - |
| Dividends recognized during the period | $204,369 | $146,949 |

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, 2022 and 2021 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| 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, | |
|---|---|---|
| | 2022 | 2021 |
| Notes receivable arising from operating activities | $37,966 | $20,890 |
| Less: loss allowance | - | - |
| Notes receivable, net | $37,966 | $20,890 |

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.

**(4) Accounts receivable and accounts receivable -related parties**

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Accounts receivable | $4,072 | $152,720 |
| Less: loss allowance | (1) | (1) |
| Subtotal | 4,071 | 152,719 |
| Accounts receivable - related parties | 1,465 | 899 |
| Less: loss allowance | - | - |
| Subtotal | 1,465 | 899 |
| Total | $5,536 | $153,618 |

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$5,537 thousand and NT$153,619 thousand as of December 31, 2022 and 2021, 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, | |
|---|---|---|
| | 2022 | 2021 |
| Construction land | $11,024,182 | $11,243,295 |
| Construction in progress | 21,625,969 | 18,919,710 |
| Buildings and land held for sale | 761,803 | 998,041 |
| Subtotal | 33,411,954 | 31,161,046 |
| Prepayment for land purchases | 364,169 | 2,924,167 |
| Total | $33,776,123 | $34,085,213 |

A. Some of the construction in progress above was contracted by the Company’s subsidiary - San Ching Engineering Co., Ltd., and the relevant transactions are detailed in Note 7.

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 were as follows:

| Construction Project | Amount | Percentage of Completion |
|---|---|---|
| Cathay Lagom | $1,203,810 | 84% |
| Liberty Stationery Corp | 2,471,862 | 67% |
| Cathay Harvest | 1,395,238 | 54% |
| Cathay ChuanQing | 1,231,429 | 59% |
| Cathay XiJing | 1,133,333 | 26% |
| Cathay of Riverside | 1,104,762 | 31% |
| Cathay YouYong | 1,158,464 | 24% |
| Cathay MOST+ | 1,890,000 | 30% |
| Cathay THE PARK | 1,257,143 | 16% |
| Dunnan Lin Yuan | 1,670,952 | 12% |
| Cathay Yi River | 2,275,500 | 4% |
| Cathay Youjing | 1,086,746 | 2% |

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

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest expense capitalized | $224,484 | $107,091 |
| Interest expense before capitalization | 386,089 | 193,046 |
| Monthly capitalization interest rate | 0.0633%~0.1937% | 0.0594%~0.0883% |

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 Harvest | $555 | Cathay United Bank |
| Cathay Lagom | 6,036 | Cathay United Bank |
| Cathay ChuanQing | 5,837 | Cathay United Bank |
| Cathay Opulence | 200,891 | Cathay United Bank |
| Cathay XiJing | 13,571 | Cathay United Bank |
| Cathay of Riverside | 9,816 | Cathay United Bank |
| Cathay YouYong | 100,126 | Cathay United Bank |
| Cathay Youjing | 307,974 | Cathay United Bank |
| Cathay Beautiful Life | 244,311 | Cathay United Bank |
| Cathay The Essence Garden | 304,470 | Cathay United Bank |
| Dunnan Lin Yuan | 197,409 | Cathay United Bank |
| Cathay THE PARK | 177,206 | Cathay United Bank |
| Cathay MOST+ | 50,066 | Cathay United Bank |
| Cathay Fu Forest | 0 | Cathay United Bank |
| Cathay Panyun | 165,788 | Cathay United Bank |
| Cathay Yi River | 241,770 | Cathay United Bank |

As of December 31, 2022, 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$2,025,826 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$11,212,557 thousand and NT$7,111,502 thousand for the years ended to December 31, 2022 and 2021, including the inventory valuation losses NT$0 thousand for both the years ended December 31, 2022 and 2021.

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

H. Incremental cost of the contract

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 the equity method

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

| Investee | As of December 31, 2022 Amount | 2022 Percentage of ownership (%) | 2021 Amount | 2021 Percentage of ownership (%) |
|---|---|---|---|---|
| Investment of subsidiaries: | | | | |
| Cathay Real Estate Management Co., Ltd. | $129,694 | 100% | $118,195 | 100% |
| Cathay Healthcare Management Co., Ltd. | 620,212 | 85% | 525,996 | 85% |
| Cathay Hospitality Management Co., Ltd. | 94,135 | 100% | 246,677 | 100% |
| Cathay Hospitality Consulting Co., Ltd. | 160,739 | 100% | 244,815 | 100% |
| Cymbal Medical Network Co., Ltd. | 247,719 | 100% | 305,610 | 100% |
| Lin Yuan Property Management Co., Ltd. | 60,420 | 51% | 55,129 | 51% |
| Jinhua Realty Co., Ltd. | 338,639 | 51% | 342,764 | 51% |
| Bannan Realty Co., Ltd. | 578,138 | 51% | 402,489 | 51% |
| Sanchong Realty Co., Ltd. | 1,651,771 | 66% | 660 | 66% |
| Zhulun Realty Co., Ltd. | 200,287 | 51% | - | - |
| San Ching Engineering Co., Ltd. | 2,759,891 | 100% | - | - |
| Subtotal | 6,841,645 | | 2,242,335 | |
| Investment of associates: | | | | |
| Symphox information Co., Ltd. | 63,587 | 11% | - | - |
| San Hsiung Fongshan LaLaport Co., Ltd. | 152,620 | 30% | - | - |
| Subtotal | 216,207 | | - | |
| Total | $7,057,852 | | $2,242,335 | |

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 under the equity method. Those financial statements were audited by other auditors. These associates and joint ventures accounted for using equity method amounted to NT$1,533,972 thousand as of December 31, 2022. The related shares of profits from the associates and joint venture under the equity method amounted to NT$14,128 thousand for the year ended December 31, 2022.

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. Sanchong Realty Co., Ltd. was established in 2021.

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 abovementioned associates.

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

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net income (loss) | $(20,930) | $- |
| Other comprehensive income (after income tax) | 1,301 | - |
| Total comprehensive income | $(19,629) | $- |

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

## (7) Property, plant and equipment

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Owner occupied property, plant and equipment | $29,572 | $5,588 |
| Property, plant and equipment leased out under operating leases | 73,978 | 53,913 |
| Total | $103,550 | $59,501 |

A. Owner occupied property, plant and equipment

| | Land | Buildings | Leasehold improvement | Other equipment | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| As of January 1, 2021 | $1,346 | $1,829 | $21,495 | $16,114 | $40,784 |
| Additions | - | - | - | 998 | 998 |
| Disposals | - | - | - | - | - |
| As of December 31, 2021 | 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 |
| | | | | | |
| Depreciation and impairment: | | | | | |
| As of January 1, 2021 | $- | $412 | $19,747 | $14,912 | $35,071 |
| Depreciation | - | 36 | 512 | 575 | 1,123 |
| Disposals | - | - | - | - | - |
| As of December 31, 2021 | - | 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 |
| | | | | | |
| Net carrying amount: | | | | | |
| As of December 31, 2022 | $1,346 | $1,345 | $8,077 | $18,804 | $29,572 |
| As of December 31, 2021 | $1,346 | $1,381 | $1,236 | $1,625 | $5,588 |

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

| | Transportation equipment |
|---|---|
| Cost: | |
| As of January 1, 2021 | $118,158 |
| Additions | 24,644 |
| Disposals | (25,154) |
| As of December 31, 2021 | 117,648 |
| Additions | 40,567 |
| Disposals | (17,203) |
| As of December 31, 2022 | $141,012 |
| | |
| Depreciation and impairment: | |
| As of January 1, 2021 | $61,086 |
| Depreciation | 21,308 |
| Disposals | (18,659) |
| As of December 31, 2021 | 63,735 |
| Depreciation | 19,855 |
| Disposals | (16,556) |
| As of December 31, 2022 | $67,034 |
| | |
| Net carrying amount: | |
| As of December 31, 2022 | $73,978 |
| As of December 31, 2021 | $53,913 |

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.

## (8) Investment property

| | Land | Buildings | Total |
|---|---|---|---|
| Cost: | | | |
| As of January 1, 2021 | $7,136,442 | $6,058,440 | $13,194,882 |
| Additions | - | 1,802 | 1,802 |
| Transfer from Buildings and land held for sale | 45,854 | 51,994 | 97,848 |
| Disposals | (27,690) | (23,432) | (51,122) |
| As of December 31, 2021 | 7,154,606 | 6,088,804 | 13,243,410 |
| Additions | - | 49,947 | 49,947 |
| Transfer from 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 |
| Depreciation and impairment: | | | |
| As of January 1, 2021 | $- | $2,546,863 | $2,546,863 |
| Depreciation | - | 183,336 | 183,336 |
| Disposals | - | (14,513) | (14,513) |
| As of December 31, 2021 | - | 2,715,686 | 2,715,686 |
| Depreciation | - | 154,500 | 154,500 |
| Disposals | - | - | - |
| As of December 31, 2022 | $- | $2,870,186 | $2,870,186 |
| Net carrying amount: | | | |
| As of December 31, 2022 | $7,212,547 | $3,326,937 | $10,539,484 |
| As of December 31, 2021 | $7,154,606 | $3,373,118 | $10,527,724 |

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Rental income from investment property | $333,885 | $312,666 |
| Less: | | |
| Direct operating expenses from investment property generating rental income | (101,116) | (83,633) |
| Direct operating expenses from investment property not generating rental income | (46,180) | (35,428) |
| Total | $186,589 | $193,605 |

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$16,844,414 thousand and NT$16,686,388 thousand as of December 31, 2022 and 2021, 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, 2021 | $37,777 |
| Addition-acquired separately | 3,479 |
| As of December 31, 2021 | 41,256 |
| Addition-acquired separately | 3,173 |
| As of December 31, 2022 | $44,429 |
| | |
| Amortization and impairment: | |
| As of January 1, 2021 | $34,797 |
| Amortization | 1,818 |
| As of December 31, 2021 | 36,615 |
| Amortization | 2,591 |
| As of December 31, 2022 | $39,206 |
| Net carrying amount: | |
| As of December 31, 2022 | $5,223 |
| As of December 31, 2021 | $4,641 |

Amortization expense of intangible assets were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Operating expenses | $2,591 | $1,818 |

**(10) Other non-current assets**

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Construction land | $18,425 | $18,425 |
| Prepaid expenses-equipment | 45,463 | 72,808 |
| Refundable deposits | 1,088,673 | 1,211,579 |
| Other non-current assets - other | 16,264 | 16,264 |
| Total | $1,168,825 | $1,319,076 |

According to the 1999.3.26 (1999) Explanation Decree (6) No.19350 issued by the Securities and Futures Commission, the above construction land temporarily registered under a third party's name was disclosed as follows:

| | As of December 31, | | | | |
|---|---|---|---|---|---|
| Items | 2022 | 2021 | Type | Purpose | Securities |
| Land Serial NO.137-2 etc., Northern shi-zhi of Hou-tsuo section, San-zhi township, New Taipei City | $18,425 | $18,425 | Purchases / Sales | Development | Mortgage setting and commitment |

**(11) Short-term loans**

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Unsecured bank loans | $11,180,000 | $10,770,000 |
| Secured bank loans | 620,000 | - |
| Total | $11,800,000 | $10,770,000 |
| Interest rate | 1.33%~2.30% | 0.81%~0.90% |

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, | |
|---|---|---|
| | 2022 | 2021 |
| Short-term notes and bills payable | $2,000,000 | $1,960,000 |
| Less: unamortized discount | (5,420) | (1,935) |
| Net | $1,994,580 | $1,958,065 |
| Interest rate | 1.48% | 0.33%~0.42% |

**(13) Long-term loans**

Details of long-term loans as of December 31, 2022 and 2021 are as follows:

| | 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. |
| Bank secured 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 | $14,271,550 | | |

| | As of December 31, 2021 | Interest rate (%) | Maturity date and terms of repayment |
|---|---|---|---|
| Bank credit loans | $10,690,000 | 0.85%~1.10% | Effective July 2019 to November 2024, repayments on due day. |
| Long-term credit notes payable | 929,366 | 0.37% | Effective December 2021 to December 2023, repayments on due day. |
| Long-term secured notes payable | 609,319 | 0.42% | Effective July 2021 to August 2026, repayments on due day. |
| Subtotal | 12,228,685 | | |
| Less: current portion | (1,500,000) | | |
| Total | $10,728,685 | | |

The Company's unused total lines of credits amount to NT$16,874,760 thousand and NT$16,162,890 thousand as of December 31, 2022 and 2021, respectively.

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

**(14) Retirement employment benefits**

A. Defined contribution plan

The defined contribution plan of the Company's 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 Company 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, 2022 and 2021, the expenses related to defined contribution plan amounted to NT$4,772 thousand and NT$4,440 thousand, respectively.

B. Defined benefits plan1

The defined benefit plan of the Company's 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 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 should make up the difference before the end of March in 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 emendation, 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$6,997 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and 2021, the average duration of defined benefit obligation of the Company was expected to be 7.8 years and 7.7 years.

Amounts to be recognized in profit or loss for the years ended December 31, 2022 and 2021 are summarized as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current period service cost | $5,814 | $6,049 |
| Net interest on the net defined benefit liability (asset) | 506 | 253 |
| Total | $6,320 | $6,302 |

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, 2022 | December 31, 2021 | January 1, 2021 |
| Present value of defined benefit obligation | $135,036 | $154,202 | $160,220 |
| Fair value of plan assets | (66,722) | (75,703) | (80,971) |
| Other non-current liabilities-accrued pension liabilities (assets) recognized on the balance sheets | $68,314 | $78,499 | $79,249 |

Reconciliation of net defined benefit liabilities (assets):

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| As of January 1, 2021 | $160,220 | $(80,971) | $79,249 |
| Net defined benefit cost | | | |
| Current service cost | 6,049 | - | 6,049 |
| Interest expense (income) | 497 | (244) | 253 |
| Subtotal | 6,546 | (244) | 6,302 |
| Remeasurement of defined benefit liabilities/assets | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 3,552 | - | 3,552 |
| Actuarial gains and losses arising from changes in financial assumptions | (4,089) | - | (4,089) |
| Experience adjustment | 2,275 | - | 2,275 |
| Remeasurement of plan assets | - | (1,140) | (1,140) |
| Subtotal | 1,738 | (1,140) | 598 |
| Payments from the plan | (14,302) | 10,150 | (4,152) |
| Contributions by employer | - | (3,498) | (3,498) |
| As of December 31, 2021 | 154,202 | (75,703) | 78,499 |
| Net defined benefit cost | | | |
| Current service cost | 5,814 | - | 5,814 |
| Interest expense (income) | 979 | (473) | 506 |
| Subtotal | 6,793 | (473) | 6,320 |
| Remeasurement 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 | 3,986 | 1,336 | 5,322 |
| 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 |

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Discount rate | 1.26% | 0.66% |
| Expected rate of salary increases | 2.00% | 2.00% |

A sensitivity analysis for significant assumption:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Increase defined benefit obligation | Decrease defined benefit obligation | Increase defined benefit obligation | Decrease defined benefit obligation |
| Discount rate increases by 0.25% | $- | $2,566 | $- | $2,930 |
| Discount rate decreases by 0.25% | 2,701 | - | 3,084 | - |
| Future salary increases by 0.5% | 5,131 | - | 5,860 | - |
| Future salary decreases by 0.5% | - | 4,861 | - | 5,705 |

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, 2022 and 2021, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2022 and 2021, 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, | |
|---|---|---|
| | 2022 | 2021 |
| Treasury share transactions | $10,407 | $10,407 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 262 | - |
| Changes in equity of associates and joint ventures accounted for using equity method | 16,452 | - |
| Others - overdue dividends | 38,141 | 28,439 |
| Total | $65,262 | $38,846 |

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 serve 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 31 March 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 reverse set aside by The Company was NT$504,189 thousand. As of December 31, 2022, 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
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, 2021 and 2020, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 17, 2022 and July 23, 2021, were as follows:

| | Appropriation of earnings (In thousand NT dollars) | | Cash Dividend per share (NT dollars) | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Legal reserve | $84,754 | $149,397 | | |
| Common stock - cash dividend | 695,737 | 1,159,561 | $0.6 | $1.0 |

E. Please refer to Note 6. (21) for details of bonus to employees and directors.

## (18) Operating revenues

| | For the years ended December 31, 2022 | For the years ended December 31, 2021 |
|---|---|---|
| Revenue from contracts with customers | | |
| Sales of buildings and land | $13,757,825 | $9,493,911 |
| Rental income | 368,804 | 339,671 |
| Total | $14,126,629 | $9,833,582 |

The relevant information of the Company's revenue are as follows:

A. Disaggregation of revenue

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 | $14,126,629 |
| Revenue recognition point: | |
| At a point in time | $13,757,825 |
| Over time | 368,804 |
| Total | $14,126,629 |

For the year ended December 31, 2021

| | Property and real estate investment development department |
|---|---|
| Sales of buildings and lands | $9,493,911 |
| Rental income | 339,671 |
| Total | $9,833,582 |
| Revenue recognition point: | |
| At a point in time | $9,493,911 |
| Over time | 339,671 |
| Total | $9,833,582 |

B. Contract balances

Contract liabilities – current

| | As of | | |
|---|---|---|---|
| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
| Sales of goods | $5,500,109 | $4,627,062 | $4,421,199 |

For the years ended December 31, 2022 and 2021, the movement in the contract liabilities were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Revenue recognized during the year that was included in the balance at the beginning of the year | $(1,694,373) | $(1,990,307) |
| Increase in receipt in advance during the period | 2,567,420 | 2,196,170 |

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Sales of buildings and land | $1,010,700 | $777,147 |

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2022 and 2021 were NT$347,830 thousand and NT$264,224 thousand, respectively.

**(19) Expected credit losses/(gains)**

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Operating expenses-expected credit losses/(gains) | | |
| Accounts receivable | $- | $(9) |

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:

December 31, 2022

| | Neither past due (Note) | Past due: Within 30 days | Past due: 31-90 days | Past due: 91-270 days | Past due: 271-365days | Past due: Over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | $37,067 | $6,436 | $- | $- | $- | $- | $43,503 |
| Loss ratio | - | 0.01% | - | - | - | - | |
| Lifetime expected credit losses | - | 1 | - | - | - | - | 1 |
| Total | $37,067 | $6,435 | $- | $- | $- | $- | $43,502 |

December 31, 2021

| | Neither past due (Note) | Past due: Within 30 days | Past due: 31-90 days | Past due: 91-270 days | Past due: 271-365days | Past due: Over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | $169,114 | $5,395 | $- | $- | $- | $- | $174,509 |
| Loss ratio | - | 0.01% | - | - | - | - | |
| Lifetime expected credit losses | - | 1 | - | - | - | - | 1 |
| Total | $169,114 | $5,394 | $- | $- | $- | $- | $174,508 |

Note: The Company's notes receivable is not overdue.

For the years ended December 31, 2022 and 2021, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

| | Notes receivable | Accounts receivable |
|---|---|---|
| As of January 1, 2021 | $- | $10 |
| Addition/(reversal) for the current period | - | (9) |
| Amounts written off during the period as uncollectible | - | - |
| As of December 31, 2021 | - | 1 |
| Addition/(reversal) for the current period | - | - |
| Amounts written off during the period as uncollectible | - | - |
| As of December 31, 2022 | $- | $1 |

## (20) Operating leases

A. Operating lease commitments - Company as lessee

The Company leases various property, including land and buildings. These leases have terms between two and three years.

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 asset

The carrying amount of right-of-use asset

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Land | $14,401 | $13,334 |
| Buildings | 8,249 | 23,251 |
| Total | $22,650 | $36,585 |

For the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounting to NT$14,280 thousand and NT$46,472 thousand, respectively.

(b) Lease liability

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Lease liability | $21,793 | $35,955 |
| Current | $15,247 | $25,474 |
| Non-current | 6,546 | 10,481 |

Please refer to Note 6. (22). D for the interest on lease liability recognized during the years ended December 31, 2022 and 2021 and refer to Note 12. (5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

b. Amounts recognized in the income statement

Depreciation charge for right-of-use assets

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Land | $11,967 | $10,400 |
| Buildings | 16,248 | 15,833 |
| Total | $28,215 | $26,233 |

c. Income and costs relating to leasing activities

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| The expense relating to short-term leases | $120 | $642 |
| 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, 2022 and 2021, 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, 2022 and 2021, the Company's total cash outflow for leases amounting to NT$28,937 thousand and NT$25,944 thousand, respectively.

B. Company as 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.

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Lease income for operating leases | | |
| Income relating to fixed lease payments and variable lease payments that depend on an index or a rate | $368,804 | $339,671 |

Please refer to Note 6. (7) 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, 2022 and 2021 are as follows:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Not later than 1 year | $325,657 | $210,037 |
| Later than 1 year and not later than 2 years | 200,287 | 210,037 |
| Later than 2 year and not later than 3 years | 145,172 | 210,037 |
| Later than 3 year and not later than 4 years | 123,256 | 210,037 |
| Later than 4 year and not later than 5 years | 105,170 | 87,516 |
| Later than 5 years | 743,339 | 190 |
| Total | $1,642,881 | $927,854 |

**(21) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:**

| Function / Description | For the year ended December 31, 2022 | | | For the year ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Employee benefits expense | | | | | | |
| Salaries and wages | $30,582 | $168,279 | $198,861 | $30,803 | $158,204 | $189,007 |
| Labor and health insurance | - | 14,775 | 14,775 | - | 13,876 | 13,876 |
| Pension | - | 11,092 | 11,092 | - | 10,742 | 10,742 |
| Director’s remuneration | - | 7,710 | 7,710 | - | 7,755 | 7,755 |
| Depreciation and depletion | 174,355 | 31,935 | 206,290 | 204,645 | 27,355 | 232,000 |
| Amortization | - | 2,591 | 2,591 | - | 1,818 | 1,818 |

A. On December 31, 2022 and 2021, the numbers of employees were 160 and 153 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, 2022 and 2021 were NT$1,441 thousand and NT$1,434 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, 2022 and 2021 were NT$1,275 thousand and NT$1,269 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 0.47% ("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$1,330 thousand and NT$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2022. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2021 was NT$ 927 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 15, 2022 resolved to distribute NT$927 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 and the actual distribution.

**(22) Non-operating income and expenses**

A. Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Deposit interest | $2,060 | $316 |
| Others | 9,490 | 351 |
| Total | $11,550 | $667 |

B. Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Dividend income | $204,369 | $146,949 |
| Bargain purchase gain | 281,818 | - |
| Other | 132,932 | 68,144 |
| Total | $619,119 | $215,093 |

C. Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Gains on disposal and abandon of property, plant and equipment | $4,279 | $3,960 |
| Other | (744) | (1,188) |
| Total | $3,535 | $2,772 |

D. Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest on borrowings from bank | $161,229 | $85,587 |
| Interest on lease liabilities | 375 | 368 |
| Total | $161,604 | $85,955 |

## (23) Components of other comprehensive income

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 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 of other comprehensive income | $(1,374,851) | $- | $(1,374,851) | $1,064 | $(1,373,787) |

For the year ended December 31, 2021

| | 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 loss: | | | | | |
| Remeasurements of defined benefit plans | $(598) | $- | $(598) | $120 | $(478) |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | 1,295,092 | - | 1,295,092 | - | 1,295,092 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | 465 | - | 465 | - | 465 |
| Total of other comprehensive income | $1,294,959 | $- | $1,294,959 | $120 | $1,295,079 |

## (24) Income taxes

The major components of income tax expense were as follows:

Income tax recognized in profit or loss

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current income tax expense (income): | | |
| Current income tax payable | $43,154 | $9,250 |
| Current land value increment tax charge | 117,520 | 68,483 |
| Adjustments in respect of current income tax of prior periods | - | (1,538) |
| Deferred tax expense (income): | | |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | (41,733) | 134 |
| Total income tax expense (income) | $118,941 | $76,329 |

Income tax relating to components of other comprehensive income

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Deferred tax expense (income): | | |
| Remeasurements of defined benefit plans | $(1,064) | $(120) |

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Accounting profit before tax from continuing operations | $1,326,290 | $923,868 |
| Tax at the domestic rates applicable to profits in the country concerned | $265,338 | $184,774 |
| Tax effect of revenues exempt from taxation | (341,476) | (400,034) |
| Tax effect of non-deductible expenses | 103,405 | 165,580 |
| Tax effect of deferred tax assets/liabilities | (70,140) | 49,814 |
| Surtax on undistributed retain earnings | 3,352 | 9,250 |
| Adjustments in respect of current income tax of prior periods | - | (1,538) |
| Current land value increment tax | 117,520 | 68,483 |
| Tax effect of adjustments in accordance with tax laws | 40,942 | - |
| Total income tax expense (income) recognized in profit or loss | $118,941 | $76,329 |

Deferred tax assets (liabilities) relate to the following:

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) |

For the year ended December 31, 2021

| | 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 | 93,652 | (2,601) | - | 91,051 |
| Depreciation difference for tax purpose - investment property | 98,795 | (2,744) | - | 96,051 |
| Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization | 2,335 | (97) | - | 2,138 |
| Unrealized intragroup profits and losses | 6,156 | (8) | - | 6,148 |
| Allowance for loss | 1,400 | - | - | 1,400 |
| Allowance for loss of inventories price falling | 2,869 | - | - | 2,869 |
| Non-current liability - defined benefit liability | 11,675 | (417) | 120 | 11,378 |
| Accrued expenses over two years transfer to revenue | 7 | - | - | 7 |
| Unrealized advertising fee | 113,637 | 5,733 | - | 119,370 |
| Deferred tax income/(expense) | | $(134) | $120 | |
| Net deferred tax assets/(liabilities) | $320,377 | | | $320,363 |
| | | | | |
| Reflected in balance sheet as follows: | | | | |
| Deferred tax assets | $330,426 | | | $330,412 |
| Deferred tax liabilities | $(10,049) | | | $(10,049) |

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, the deferred tax assets have not been recognized amount to NT$0 and NT$61,121 thousand, respectively.

The assessment of income tax returns

The Company's income tax return has been assessed and approved by the tax authorities through 2018.

## (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, | |
|---|---|---|
| | 2022 | 2021 |
| A. Basic earnings per share | | |
| Profit attributable to ordinary equity holders of the Company (in thousands) | $1,207,749 | $847,539 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 1,159,561 | 1,159,561 |
| Basic earnings per share (NT$) | $1.04 | $0.73 |
| B. Diluted earnings per share | | |
| Profit attributable to ordinary equity holders of the Company (in thousand NT$) | $1,207,749 | $847,539 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 1,159,561 | 1,159,561 |
| Effect of dilution: | | |
| Employee compensation-stock (in thousands) | 71 | 66 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 1,159,632 | 1,159,627 |
| Diluted earnings per share (NT$) | $1.04 | $0.73 |

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.

## (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:

| | Fair value recognized on the acquisition date |
|---|---|
| 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 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 | 12,494,357 |
| | |
| Liabilities | |
| Short-term loans | 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 | $3,587,044 |
| 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 |

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.

## 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 | Nature of relationship of the related parties |
|---|---|
| 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 |
| ○○, Lee | 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.

## (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

| Name of the related parties | Type | For the year ended December 31, 2022 Maximum amount | Year ended 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 |

| Name of the related parties | Type | For the year ended December 31, 2021 Maximum amount | Year ended balance | Interest rate (%) | Interest income (expenses) |
|---|---|---|---|---|---|
| Others: | | | | | |
| Cathay United Bank | Demand deposit | $6,222,303 | $585,101 | 0.01% | $92 |
| | Checking accounts | 5,889,048 | 53,525 | - | - |
| | Securities accounts | 1,315,408 | 160,131 | 0.01% | 7 |
| | Short-term loan | - | - | - | - |

B. Purchase

| Name of the related parties | Type | For the years ended December 31, 2022 | 2021 |
|---|---|---|---|
| Subsidiary: | | | |
| San Ching Engineering | Building constructing or expansion | $3,222,474 | $2,337,393 |
| Others: | | | |
| Cathay United Bank | Management fee of trust service | 5,026 | 4,962 |
| Cathay United Bank | Compensation for relocation | 236,530 | - |
| Lin Yuan Investment | Urban renewal co-construction landlord subsidies | 6,720 | 6,720 |
| Total | | $3,470,750 | $2,349,075 |

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$14,231,767 thousand and NT$13,649,042 thousand as of December 31, 2022 and 2021, respectively.

C. Sales

a. Sales revenue

| Name of the related parties | Type | For the years ended December 31, 2022 | 2021 |
|---|---|---|---|
| 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, 2022 | 2021 |
|---|---|---|---|
| Subsidiary: | | | |
| Cathay Hospitality | Office and vehicles rental | $32,489 | $27,643 |
| Cathay Hospitality Consulting | Office and vehicles rental | 34,757 | 28,127 |
| Others: | | | |
| Cathay Life Insurance | Office and vehicles rental | 7,566 | 7,574 |
| Cathay United Bank | Office and vehicles rental | 18,069 | 18,008 |
| Total | | $92,881 | $81,352 |

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:

| | As of December 31, | |
|---|---|---|
| Name of the related parties | 2022 | 2021 |
| Subsidiary: | | |
| San Ching Engineering | $614,128 | $- |
| Others: | | |
| Cathay United Bank | 44,924 | 170 |
| Total | $659,052 | $170 |

E. Lease - related parties

a. Right-of-use assets

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Others: | | |
| Cathay Life Insurance | $8,249 | $23,251 |

The Company acquired right-of-use assets from Cathay Life Insurance amounting to NT$1,246 thousand and NT$31,001 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Lease liabilities

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Others: | | |
| Cathay Life Insurance | $8,327 | $23,307 |

c. Interest expenses

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Others: | | |
| Cathay Life Insurance | $248 | $205 |

F. Others

a. Other receivables

| Name of the related parties | Items | As of December 31, 2022 | 2021 |
|---|---|---|---|
| Subsidiary: | | | |
| Zhulun Realty | Business commission fee | $8,863 | $- |

b. Refundable deposits

| Name of the related parties | Items | As of December 31, 2022 | 2021 |
|---|---|---|---|
| Others: | | | |
| Cathay Life Insurance | Rent deposit | $4,086 | $4,215 |
| Lin Yuan Investment | Joint construction deposit | 12,000 | 12,000 |
| Total | | $16,086 | $16,215 |

c. Guarantee deposit received

| Name of the related parties | Items | As of December 31, 2022 | 2021 |
|---|---|---|---|
| Others: | | | |
| Cathay United Bank | Rent deposit | $4,482 | $4,446 |

d. For the year ended December 31, 2022, the Company signed a housing contract for pre-sale construction with its related party, Wanda Investment, in the amount of NT$789,480 thousand. For the year ended December 31, 2021, the Company signed a housing contract for pre-sale construction with related party ◯◯,Lee in the amount of NT$19,670 thousand.

G. Other income

| Name of the related parties | Items | For the years ended December 31, 2022 | 2021 |
|---|---|---|---|
| Subsidiary: | | | |
| Bannan Realty | Business commission fee | $6,429 | $6,204 |
| Sanchong Realty | Business commission fee | 13,450 | - |
| Zhulun Realty | Business commission fee | 8,863 | - |
| Others: | | | |
| Cathay Life Insurance | Management fee and planning fee | 3,980 | 4,536 |
| Cathay United Bank | Management fee and planning fee | 4,837 | 4,837 |
| Nangang One | Consulting service | 28,160 | 7,040 |
| Nangang Two | Consulting service | 35,840 | 8,960 |
| Total | | $101,569 | $31,577 |

H. Operating costs

| Name of the related parties | Items | For the years ended December 31, 2022 | For the years ended December 31, 2021 |
|---|---|---|---|
| Subsidiary: | | | |
| Lin Yuan Property | Management and repairing fee | $40,677 | $37,028 |
| Others: | | | |
| Cathay Century | Insurance fee | 6,723 | 5,992 |
| Total | | $47,400 | $43,020 |

I. Operating expenses

| Name of the related parties | Items | For the years ended December 31, 2022 | For the years ended December 31, 2021 |
|---|---|---|---|
| Others: | | | |
| Cathay Life Insurance | Rental management fee | $3,222 | $2,703 |
| Cathay-Cultural Foundation | Donation | 5,000 | 1,500 |
| Total | | $8,222 | $4,203 |

J. Property transaction

The property transaction between the Company and the related parties are as follows:

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 | 60,000,000 | | $1,800,000 |

For the year ended December 31, 2021: None.

K. Key management personnel compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Short-term employee benefits | $35,565 | $36,316 |
| Post-employment benefits | 232 | 324 |
| Total | $35,797 | $36,640 |

## 8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

| | As of December 31, | | |
|---|---|---|---|
| Items | 2022 | 2021 | Secured liabilities |
| Inventories | $6,405,600 | $1,680,000 | Short-term loan & Long-term loan |
| Investment property | 7,638,372 | 7,979,172 | Short-term loan & Long-term loan |
| Total | $14,043,972 | $9,659,172 | |

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$8,168,848 thousand, in which NT$4,184,756 thousand was unpaid as of December 31, 2022.

### (2) Others

Guarantee notes issued for borrowings (financing) amounted to NT$41,397,200 thousand as of December 31, 2022.

## 10. SIGNIFICANT DISASTER LOSSES

None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS

Considering the overall operation, Subsidiary -Sanchong Realty Co., Ltd. passed the resolution at the board meeting held on December 12, 2022 to increase 18,000,000 common shares, each at a par value of NT$10, which amounted to NT$180,000 thousand. The record date for capital increase was January 5, 2023. The registration of changes was completed on January 13, 2023.

## 12. OTHERS

### (1) Categories of financial instruments

Financial Assets

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Financial assets at fair value through other comprehensive income | $3,206,379 | $5,806,199 |
| Financial assets at amortized cost: | | |
| Cash and cash equivalents | 7,089,526 | 1,897,456 |
| Notes receivable | 37,966 | 20,890 |
| Accounts receivable | 5,536 | 153,618 |
| Other receivables | 11,163 | 2,148 |
| Refundable deposits | 1,088,673 | 1,211,579 |
| Subtotal | 8,232,864 | 3,285,691 |
| Total | $11,439,243 | $9,091,890 |

Financial Liabilities

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Financial liabilities at amortized cost: | | |
| Short-term loans | $11,800,000 | $10,770,000 |
| Short-term notes payable | 1,994,580 | 1,958,065 |
| Accounts payables | 1,898,545 | 1,032,649 |
| Long-term loans (including current portion) | 18,421,550 | 12,228,685 |
| Lease liabilities | 21,793 | 35,955 |
| Guarantee deposit received | 105,519 | 89,357 |
| Total | $34,241,987 | $26,114,711 |

### (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 activates. 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 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 consistently complies with its financial risk management policies.

## (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$13,795 thousand and NT$12,728 thousand for the years ended December 31, 2022 and 2021, 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 securities. The Company's listed and unlisted equity securities are classified under held for financial assets at fair value through other comprehensive income. The Company 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 Company's senior management on a regular basis. The Company'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$127,936 thousand and NT$272,554 thousand for the years ended December 31, 2022 and 2021 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 notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer 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 counter parties 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 or insurance.

As of December 31, 2022 and 2021, 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, fixed income securities and other financial instruments is managed by the Company's treasury department in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and no material default risk. Therefore, there is no significant credit risk for these counterparties.

**(5) Liquidity risk management**

The Company'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 Company'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 instruments

| | As of December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
| Borrowings | $18,248,078 | $12,859,597 | $1,683,572 | $- | $32,791,247 |
| Accounts payable | 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 |

| | As of December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
| Borrowings | $14,340,473 | $10,827,126 | $- | $- | $25,167,599 |
| Accounts payable | 1,032,649 | - | - | - | 1,032,649 |
| Lease liabilities | 25,474 | 10,481 | - | - | 35,955 |
| Guarantee deposits | 39,877 | 33,096 | 7,007 | 9,377 | 89,357 |

**(6) Reconciliations of the liabilities from financing activities**

Reconciliations of the liabilities for the year ended December 31, 2022:

| | Short-term borrowings | Short-term notes and bills payable | Long-term borrowings (including current portion) | Lease liabilities | Total |
|---|---|---|---|---|---|
| As of January 1, 2022 | $10,770,000 | $1,958,065 | $12,228,685 | $35,955 | $24,992,705 |
| Cash flows | 1,030,000 | 36,515 | 6,192,865 | (28,817) | 7,230,563 |
| Non-cash changes | | | | | |
| Interest on lease liabilities | - | - | - | 375 | 375 |
| Other (Note) | - | - | - | 14,280 | 14,280 |
| As of December 31, 2022 | $11,800,000 | $1,994,580 | $18,421,550 | $21,793 | $32,237,923 |

Note: Lease liabilities that meet the lease recognition requirements in this period.

Reconciliations of the liabilities for the year ended December 31, 2021:

| | Short-term borrowings | Short-term notes and bills payable | Long-term borrowings (including current portion) | Lease liabilities | Total |
|---|---|---|---|---|---|
| As of January 1, 2021 | $6,610,000 | $1,418,854 | $10,629,741 | $14,417 | $18,673,012 |
| Cash flows | 4,160,000 | 539,211 | 1,598,944 | (25,302) | 6,272,853 |
| Non-cash changes | | | | | |
| Interest on lease liabilities | - | - | - | 368 | 368 |
| Other (Note) | - | - | - | 46,472 | 46,472 |
| As of December 31, 2021 | $10,770,000 | $1,958,065 | $12,228,685 | $35,955 | $24,992,705 |

Note: Lease liabilities that meet the lease recognition requirements in this period.

**(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:

a. 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.
b. 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 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, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Stocks | $2,558,725 | $- | $647,654 | $3,206,379 |

As of December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Stocks | $3,605,083 | $1,846,000 | $355,116 | $5,806,199 |

The Company had no assets and liabilities recurring measured at fair value transferring between Level 1and Level 2 for the years ended December 31, 2022 and 2021.

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 | |
|---|---|---|
| | 2022 | 2021 |
| As of January, 1 | $355,116 | $383,099 |
| Total gains and losses recognized for the year ended 31 | | |
| Amount recognized in OCI | (89,497) | (27,983) |
| Additions | 449,550 | - |
| Disposals | (67,515) | - |
| As of December, 31 | $647,654 | $355,116 |

Total gains and losses recognized in profit or loss is NT$28,954 thousand loss and NT$27,983 thousand loss for the years ended December 31, 2022 and 2021, 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, 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 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 |

As of December 31, 2021

| | 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 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$25,968 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$17,320 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, 2022 and 2021, respectively.

## (10) Capital management

The primary objective of the Company'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 Company manages its capital structure and adjusts it, considering 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) Significant transaction information

A. Financings provided to others: None.
B. Endorsement/guarantee provided to others: None
C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 2.
E. Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 3.
F. Disposal of property with amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 4.
G. Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of the paid-in capital or more: Please refer to Table 5.
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: Please refer to Table 6.

### (2) Investee information

A. Financings provided to others: None.
B. Endorsement/guarantee provided to others: None.
C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Table 7.
D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Table 8.
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: Please refer to Table 9.
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. Names, locations and related information of investee companies: Please refer to Table 10.

**(3) Investment in Mainland China**

None.

**(4) Information on Major Shareholders**

Please refer to Table 11.

## 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.

Table 1: Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures)

Unit: NT$1,000 ; Share

| Holding Company | Type and Name of the Securities (Note) | Relationship | Financial Statement Account | As of December 31, 2022 | | | | 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 | $2,558,725 | 0.44% | $2,558,725 | |
| 〃 | Stock － Gong Cheng Industrial Co. | 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 | 25,551 | 10.00% | 25,551 | |
| 〃 | Stock － MetroWalk international Co., Ltd. | None | 〃 | 3,448,276 | 108,586 | 1.72% | 108,586 | |
| 〃 | Stock － Budworth Investments Limited | None | 〃 | 30,314 | 45 | 3.33% | 45 | |
| 〃 | Stock － Nangang International One Co., Ltd. | Others | 〃 | 27,465,000 | 232,809 | 7.85% | 232,809 | |
| 〃 | Stock － Nangang International Two Co., Ltd. | Others | 〃 | 32,460,000 | 280,663 | 8.12% | 280,663 | |

Note：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 2: Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital

Unit：NT$1,000

| Company | Securities Category (Note 1) | Financial Statement Account | Counterparty (Note 2) | Relationship (Note 2) | As of January 1, 2022 | | Purchase (Note 3) | | Sell (Note 3) | | | | As of December 31, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Book Cost | Gain / Loss | Shares | Amount |
| Cathay Real Estate Development Co., Ltd. | The stocks of Sanchong Realty Co., Ltd | Investments accounted for using equity method | Sanchong Realty Co., Ltd | Subsidiary | 66,000 | $660 | 171,534,000 | $1,715,340 | - | $- | $- | $- | 171,600,000 | $1,716,000 |
| 〃 | The stocks of San Ching Engineering Co., Ltd. | Investments accounted for using equity method | 6 entities including Wanda Investment Co., Ltd., San Ching Engineering Co., Ltd | Subsidiary | - | - | 120,000,000 | 2,400,000 | - | - | - | - | 120,000,000 | 2,400,000 |
| 〃 | The stocks of Taiwan Star Telecom Co., Ltd. | Financial assets at fair value through other comprehensive income–non-current | - | - | 195,000,000 | 1,950,000 | - | - | 195,000,000 | 1,846,000 | 1,950,000 | (104,000) | - | - |

Note 1：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2： Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3：The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4：The Company' s paid-in capital means the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5：Gain or loss of disposal is contributed from unrealized accumulated valuation loss in the amount of NT$104,000 thousand, which was transferred from other equity to retained earning.

Table 3: Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital

Unit：NT$1,000

| Company | Property Name | Transaction Date | Transaction Amount | Status of Payment | Counterparty | Relationship with the Company | 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. | Land No. 102, 103, 104, Section 1, Fuduxin Section, Xinzhuang Dist., New Taipei City | 2022.02.25 | $1,307,707 | Installment by agreement | Individual | None | - | - | - | $- | 1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties | Construction | None |
| Cathay Real Estate Development Co., Ltd. | Land No. 342, Pingdao Section, Yongkang Dist., Tainan City | 2022.03.14 | 1,208,560 | Installment by agreement | Individual | None | - | - | - | - | 1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties | Construction | None |
| Cathay Real Estate Development Co., Ltd. | 7 parcels of land including Land No. 241, Changdi Section, Yonghe District, New Taipei City | 2022.03.23 | 713,836 | Installment by agreement | Individual | None | - | - | - | - | 1. Refer to the report of a professional real estate appraiser 2. As negotiated by two parties, 48% of the underlying property belongs to the Company | Construction | None |
| Cathay Real Estate Development Co., Ltd. | Land No. 330, Chongde Section, Beitun District, Taichung City | 2022.05.17 | 612,135 | Installment by agreement | Individual | None | - | - | - | - | 1. Refer to the report of a professional real estate appraiser 2. Negotiation by two parties | Construction | None |

Table 4: Disposal of property with amount exceeding NT$300 million or 20% of the paid-in capital

Unit：NT$1,000

| Company | Property Name | Transaction Date | Date of original acquisition | Carrying Amount | Transaction Amount | Status of proceeds collection | Gain(Loss) from disposal | Counterparty | Relationship with the Company | Purpose of Acquisition and Current Condition | References for Determining Price | Others |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cathay Real Estate Development Co., Ltd. | Land No. 174, Sanchong Dist, Sanchong Section, New Taipei City | 2022.01.27 | 2021.04.13 | $3,414,798 | $3,471,000 | Installment by agreement | $56,202 | Sanchong Realty Co., Ltd | Subsidiary | For the consideration of overall operation | 1.Related parties transaction, the resolution is passed by the directors' meeting.<br>2.Refer to the report of a professional real estate appraiser. | None |

Note：Gain or loss of disposal is recognized under unrealized intragroup profits and losses.

Table 5: Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of paid-in capital or more

Unit：NT$1,000

| 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. | Sanchong Realty Co., Ltd | Subsidiary | Construction land | $(3,471,000) | 24.57% | Not applicable | $- | - | $- | - | |
| Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd | Subsidiary | Construction-in-progress | 3,222,474 | 29.55% | Not applicable | - | - | 614,128 | 42.87% | |

Note 1：The notes/accounts payable of parent company only financial statements.

Note 2：The Company signed a housing contract for pre-sale construction with its related party, Wanda Investment, in the amount of NT$789,480 thousand.

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Table 6: Significant intercompany transactions between consolidated entities

Unit：NT$1,000

| No. (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 1 | Rental income | $411 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 1 | Accounts Receivable-related parties | 71 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 1 | Operating expenses-entertainment expenses | 151 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 1 | Operating expenses-conference fee | 123 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Real Estate Management Co., Ltd. | 1 | Cost of rental sales | 975 | Regular | 0.01% |
| 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 | 13,252 | 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 | 50 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Healthcare Management Co., Ltd. | 1 | Construction cost | 24 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Healthcare Management Co., Ltd. | 1 | Accounts Receivable-related parties | 173 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Healthcare Management Co., Ltd. | 1 | Operating expenses-advertising fee | 389 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Healthcare Management Co., Ltd. | 1 | Other income | 26 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Construction cost | 28 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Operating expenses-miscellaneous expenses | 61 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Operating expenses-entertainment expenses | 201 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Operating expenses-advertising fee | 116 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Accounts Receivable-related parties | 71 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Other income | 20 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | 1 | Expense Payable | 4 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Accounts Payable-related parties | 132 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Accounts Receivable-related parties | 56 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Operating expenses-service fee | 2,792 | Regular | 0.02% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Operating expenses-miscellaneous expenses | 896 | Regular | 0.01% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Cost of rental sales | 40,677 | Regular | 0.24% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Rental income | 43 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Other income | 168 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | 1 | Operating expenses-advertising fee | 88 | 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 | 163 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Jinhua Realty Co., Ltd. | 1 | Refundable deposits | 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 | 93 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Bannan Realty Co., Ltd. | 1 | Refundable deposits | 23 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Sanchong Realty Co., Ltd. | 1 | Rental income | 201 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Sanchong Realty Co., Ltd. | 1 | Refundable deposits | 45 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Sanchong Realty Co., Ltd. | 1 | Land held for construction site | 56,202 | Regular | 0.33% |
| 0 | Cathay Real Estate Development Co., Ltd. | Sanchong Realty Co., Ltd. | 1 | Other income | 13,450 | Regular | 0.08% |
| 0 | Cathay Real Estate Development Co., Ltd. | Zhulun Realty Co., Ltd. | 1 | Rental income | 38 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Zhulun Realty Co., Ltd. | 1 | Refundable deposits | 57 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | Zhulun Realty Co., Ltd. | 1 | Other Receivable-related parties | 8,863 | Regular | 0.01% |
| 0 | Cathay Real Estate Development Co., Ltd. | Zhulun Realty Co., Ltd. | 1 | Other income | 8,863 | Regular | 0.05% |
| 0 | Cathay Real Estate Development Co., Ltd. | Cymbal Medical Network Co., Ltd | 1 | Other income | 4 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd. | 1 | Accounts Payable-related parties | 614,128 | Regular | 0.77% |
| 0 | Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd. | 1 | Accounts Receivable-related parties | 189 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd. | 1 | Rental income | 158 | Regular | 0.00% |
| 0 | Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd. | 1 | Other income | 1,113 | Regular | 0.01% |
| 1 | San Ching Engineering Co., Ltd | Cathay Real Estate Development Co., Ltd. | 2 | Contract Assets | 16,853 | Regular | 0.02% |
| 1 | San Ching Engineering Co., Ltd | Cathay Real Estate Development Co., Ltd. | 2 | Contract Liability | 905,263 | Regular | 1.13% |
| 1 | San Ching Engineering Co., Ltd | Cathay Real Estate Development Co., Ltd. | 2 | Accounts Receivable-related parties | 490,186 | Regular | 0.61% |
| 1 | San Ching Engineering Co., Ltd | Cathay Real Estate Development Co., Ltd. | 2 | Construction income | 2,210,704 | Regular | 13.17% |
| 1 | San Ching Engineering Co., Ltd | Cathay Real Estate Development Co., Ltd. | 2 | Engineering costs | 2,094,959 | Regular | 12.48% |
| 2 | San Ching Engineering Co., Ltd | Jinhua Realty Co., Ltd. | 3 | Contract Liability | 76,457 | Regular | 0.10% |
| 2 | San Ching Engineering Co., Ltd | Jinhua Realty Co., Ltd. | 3 | Construction income | 166,645 | Regular | 0.99% |
| 2 | San Ching Engineering Co., Ltd | Jinhua Realty Co., Ltd. | 3 | Engineering costs | 166,378 | Regular | 0.99% |
| 3 | Cathay Hospitality Management Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 3 | Accounts Receivable-related parties | 41,903 | Regular | 0.05% |
| 3 | Cathay Hospitality Management Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 3 | Other Receivable | 5,619 | Regular | 0.01% |
| 3 | Cathay Hospitality Management Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 3 | Accounts Payable-related parties | 3,916 | Regular | 0.00% |
| 3 | Cathay Hospitality Management Co., Ltd. | Cathay Hospitality Consulting Co., Ltd. | 3 | Other payable | 1,305 | Regular | 0.00% |

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 caculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calcualted 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 7: Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT$1,000 ; Share

| Holding Company | Type and Name of the Securities(Note) | Relationship | Financial Statement Account | As of December 31, 2022 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying Value | Percentage of Ownership (%) | Market Value | |
| Cathay Hospitality Management Co., Ltd. | Stocks<br>Nangang International One Co., Ltd. | Others | Financial assets at fair value through other comprehensive income-non-current | 35,000 | $296 | 0.01% | $296 | |
| 〃 | Stocks<br>Nangang International Two Co., Ltd. | Others | 〃 | 40,000 | 346 | 0.01% | 346 | |
| San Ching Engineering Co., Ltd | Stocks<br>China Construction Management Co., Ltd | None | 〃 | 1,400,000 | 17,430 | 5.48% | 17,430 | |

Note：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Table 8: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022

Unit: NT$1,000 ; Share

| Company | Securities Category (Note 1) | Financial Statement Account | Counter-party (Note 2) | Relationship (Note 2) | Beginning balance | | Addition (Note 3) | | Disposal (Note 3) | | | | Ending balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Book Cost | Gain (Loss) from disposal | Shares | Amount |
| San Ching Engineering Co., Ltd | Stocks: Cathay Power Inc. | Investments accounted for using equity method | Cathay Life Insurance Co., Ltd. (Note 5) | Others | - | - | 107,611,500 | $1,227,214 | 78,998,400 | $979,215 | $952,144 | $27,071 | - | - |

Note 1：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2： Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3：The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4：The Company' s paid-in capital means the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5：San Ching Engineering Co., Ltd exchanged all of its share holdings of Xin Ri Tai Energy Co., Ltd and CM Energy Co., Ltd. to participate in the capital increase of Cathay Power Inc (share exchange by net amount) and sold part of the Cathay Power shares held to Cathay Life Insurance Co., Ltd. in November 2022.

Table 9: Purchases or sales of goods from or to related parties exceeding NT$100 million or 20% of paid-in capital or more

Unit: NT$1,000 ; Share

| Purchaser / Seller | Counterparty | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party | | 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. | Other related party | Construction-in-progress | $281,695 | 93.87% | Not applicable | - | - | - | - | |
| San Ching Engineering Co., Ltd. | Cathay Real Estate Development Co., Ltd. | Parent Company | Construction project | (2,239,467) | 50.74% | Not applicable | - | - | - | - | |
| San Ching Engineering Co., Ltd. | Cathay Life Insurance Co., Ltd. | Other related party | Construction project | (1,519,183) | 34.42% | Not applicable | - | - | - | - | |
| San Ching Engineering Co., Ltd. | Jinhua Realty Co., Ltd. | Other related party | Construction project | (166,645) | 3.78% | Not applicable | - | - | - | - | |

Note 1：The notes/accounts payable of parent company only financial statements.

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Table 10: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT$1,000 ; USD$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, 2022 | Balance at December 31, 2021 | Number of shares | Percentage | 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% | $129,694 | $34,852 | $34,852 | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Cathay Healthcare Management Co., Ltd. | ROC | Consultancy | 467,500 | 467,500 | 46,750,000 | 85.00% | 620,212 | 135,075 | 114,835 | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Management Co., Ltd. | ROC | Service industry | 1,740,000 | 1,640,000 | 50,000,000 | 100.00% | 94,135 | (257,652) | (252,438) | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Cathay Hospitality Consulting Co., Ltd | ROC | Service industry | 1,300,000 | 1,050,000 | 60,000,000 | 100.00% | 160,739 | (340,834) | (334,076) | 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% | 247,719 | (57,891) | (57,891) | 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% | 60,421 | 63,827 | 32,555 | 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% | 338,639 | (8,088) | (4,125) | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Bannan Realty Co., Ltd. | ROC | Housing and Building Development and Rental industry | 586,500 | 408,000 | 58,650,000 | 51.00% | 578,138 | (5,590) | (2,851) | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Sanchong Realty Co., Ltd. | ROC | Housing and Building Development and Rental industry | 1,716,000 | 660 | 171,600,000 | 66.00% | 1,651,771 | (12,162) | (8,027) | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Zhulun Realty Co., Ltd. | ROC | Housing and Building Development and Rental industry | 204,000 | - | 20,400,000 | 51.00% | 200,286 | (7,282) | (3,714) | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | San Ching Engineering Co., Ltd. | ROC | Construction Contractor | 2,400,000 | - | 120,000,000 | 100.00% | 2,759,891 | 327,944 (Note 3) | 80,822 | Subsidiary |
| Cathay Real Estate Development Co., Ltd. | Symphox information Co., Ltd. | ROC | Information software wholesaler | 67,515 | - | 5,489,000 | 11.00% | 63,587 | (71,372) | (7,851) | Associate |
| Cathay Real Estate Development Co., Ltd. | San Hsiung Fongshan LaLaport Co., Ltd. | ROC | Department stores industry | 150,000 | - | 150,000,000 | 30.00% | 152,620 | 8,734 (Note 3) | 2,620 | Associate |
| Cathay Hospitality Consulting Co., Ltd | Cathay Food & Beverage Group Co., Ltd. | ROC | Service industry | 15,000 | - | 1,500,000 | 100.00% | 15,006 | 6 | Note 4 | Subsidiary |
| Cymbal Medical Network Co., Ltd. | Cymder Co., Ltd. | ROC | Manpower dispatch and leasing industry | 120,000 | 120,000 | 12,000,000 | 100.00% | 92,219 | (11,413) | Note 5 | Subsidiary |
| Cymbal Medical Network Co., Ltd. | Cymlin Co., Ltd. | ROC | Manpower dispatch and leasing industry | 140,000 | 140,000 | 14,000,000 | 100.00% | 115,739 | (17,525) | Note 5 | Subsidiary |
| San Ching Engineering Co., Ltd | Cathay Power Inc | ROC | Solar-power generation industry | 1,381,433 | - | 111,113,100 | 30.00% | 1,381,352 | 60,681 (Note 3) | (124) | Associate |
| San Ching Engineering Co., Ltd | Symphox information Co., Ltd. | ROC | Information software wholesaler | 244,770 | - | 19,022,000 | 38.12% | 218,009 | (71,372) (Note 3) | (27,207) | 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: Excluding the current profit and loss before the acquisition.

Note 4: The investment gains and losses have been recognized under equity method by Cathay Hospitality Consulting Co., Ltd.

Note 5: The investment gains and losses have been recognized under equity method by Cymbal Medical Network Co., Ltd.

Note 6:The investees, CM Energy Co., Ltd. and Southern Electric Power Co., Ltd have been disposed of in the period.The investment gains and losses have been recognized in the amount to NT$12,353 thousand and NT$ (721) thousand before disposal, respectively.

Table 11:Information of major shareholder

| Shares / Shareholders | Total Shares Owned | Ownership Percentage |
|---|---|---|
| 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% |
| Fubon Life Insurance Co., Ltd. | 75,440,000 | 6.50% |
| Cathay Life Insurance Co., Ltd. | 68,646,584 | 5.92% |

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**CATHAY REAL ESTATE DEVELOPMENT CO., LTD.**

**THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS**

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

1.Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Cash on hand and petty Cash | | $290 | |
| Bank deposits | | 4,546,483 | |
| Cash equivalent | due date : January 9, 2023 | 2,543,043 | |
| | interest rate:0.92%~0.95% | | |
| Total | | $7,089,816 | |

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

2. Statement of Financial Assets at Fair Value through Other Comprehensive Income-Current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Type and Name of the Securities | Description | Share | Par Value (NTD) | Amount | Interest Rate | Acquisition Cost | Accumulated impairment | Fair Value | | Note |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Price | Amount | |
| Stocks | | | | | | | | | | |
| Cathay Financial Holdings Co., Ltd | Listed stock | 63,968,129 | $10 | $639,681 | - | $2,323,838 | Not applicable | $40.00 | $2,558,725 | |

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Payment of land | Prepayment of land refunded | $2,650 | |
| land value increment tax | land value increment tax receivable | 3,428 | |
| Others | Premises ticket of buildings , land and rent | 31,888 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 37,966 | |
| Less: loss allowance | | - | |
| Net amount | | $37,966 | |

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Third parties | | | |
| Rent | | $3,117 | |
| Others | | 955 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 4,072 | |
| Less: loss allowance | | (1) | |
| Net amount | | 4,071 | |
| Related parties | | | |
| Others | | 1,465 | The amount of individual item in others does not exceed 5% of the account balance. |
| Less: loss allowance | | - | |
| Net amount | | 1,465 | |
| Total | | $5,536 | |

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | | Notes |
|---|---|---|---|---|
| | | Cost | Net Realizable Value | |
| Construction land | | $11,024,182 | $16,916,090 | Lower cost and net realizable value |
| Construction in progress | Buildings and land | 21,625,969 | 37,782,539 | Lower cost and net realizable value<br>Please refer schedule 5.1 |
| Buildings and land held for sale | | 761,803 | 1,009,907 | Lower cost and net realizable value |
| Subtotal | | 33,411,954 | 55,708,536 | |
| Prepayment for Land Purchases | | 364,169 | 364,169 | Listed at cost. However, the Company’s list prices for housing are all greater than the estimated cost of real estate |
| Net Amount | | $33,776,123 | $56,072,705 | |

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, 2022

(Expressed in thousands of New Taiwan Dollars)

| Project name | Beginning Balance as of January 1, 2022 | Addition Cost of Construction | Reduction (Transfer to Building and land held for sale) | Ending balance as of December 31, 2022 | Note |
|---|---|---|---|---|---|
| Tree Rivers, Cathay’s Home II | $1,957,876 | $347,532 | $2,305,408 | $- | |
| Tree Rivers, Cathay’s Home I | 1,564,397 | 225,361 | 1,789,758 | - | |
| Taoyuan City Central Road Section 2 | 1,994,580 | 33,936 | - | 2,028,516 | |
| Cathay Park Beautiful Mansion | 1,024,146 | 355,771 | 1,379,917 | - | |
| Liberty Stationery Corp | 1,378,111 | 959,314 | - | 2,337,425 | |
| Cathay Lagom | 665,617 | 441,366 | - | 1,106,983 | |
| Cathay Opulence | 1,989,705 | 322,228 | - | 2,311,933 | |
| Cathay ChuanQing | 333,805 | 1,055,290 | - | 1,389,095 | |
| Cathay XiJing | 980,897 | 258,078 | - | 1,238,975 | |
| Cathay Mega+ | 1,743,525 | 456,749 | 2,200,274 | - | |
| Cathay Beautiful Life | 5,275 | 1,352,588 | - | 1,357,863 | |
| Cathay the Park | 1,468,880 | 227,634 | - | 1,696,514 | |
| Cathay MOST+ | 1,740,369 | 602,556 | - | 2,342,925 | |
| Cathay Yi River | 8,624 | 1,185,500 | - | 1,194,124 | |
| Others | 2,063,903 | 2,557,713 | - | 4,621,616 | |
| Total | $18,919,710 | $10,381,616 | $7,675,357 | $21,625,969 | |

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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, 2022

(Expressed in thousands of NT and USD)

| | Beginning Balance as of January 1, 2022 | | Addition | | Disposal | | Unrealized evaluation gains and losses | Ending balance as of December 31, 2022 | | Guarantee or pledged | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Type and Name of the Securities | Share | Fair Value | Share | Amount | Share | Amount | Amount | Share | Fair Value | | Note |
| Stock | | | | | | | | | | | |
| Gong Cheng Industrial Co., Ltd. | 1,580,083 | $- | - | $- | - | $- | $- | 1,580,083 | $- | None | |
| MetroWalk International Co., Ltd. | 3,448,276 | 53,862 | - | - | - | - | 54,724 | 3,448,276 | 108,586 | " | |
| Gian Feng Investment Co., Ltd. | 2,000,000 | 25,423 | - | - | - | - | 128 | 2,000,000 | 25,551 | " | |
| Budworth Investment Limited | 30,314 | 45 | - | - | - | - | - | 30,314 | 45 | " | |
| Nangang International One Co., Ltd. | 7,485,000 | 74,167 | 19,980,000 | 199,800 | - | - | (41,158) | 27,465,000 | 232,809 | " | |
| Nangang International Two Co., Ltd. | 7,485,000 | 73,561 | 24,975,000 | 249,750 | - | - | (42,648) | 32,460,000 | 280,663 | " | |
| Symphox Information Co., Ltd. | 5,489,000 | 128,058 | - | - | 5,489,000 | 67,515 | (60,543) | - | - | " | Note 1 |
| Taiwan Star Telecom Co., Ltd. | 195,000,000 | 1,846,000 | - | - | 195,000,000 | 1,846,000 | - | - | - | " | |
| Total | | $2,201,116 | | $449,550 | | $1,913,515 | $(89,497) | | $647,654 | | |

Note1：The Company acquired 100% of San Ching Engineering Co., Ltd.'s holding shares in May 2022 and had significant influence over Symphox information Co., Ltd, the Company accounted the invested amount to investment under equity method.

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

7. Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Investee | Beginning Balance as of January 1, 2022 | | | Addition | | | Disposal | | | Ending balance as of December 31, 2022 | | | Market Value | | Guarantee or pledged | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Percentage of Ownership (%) | Amount | Shares | Amount | | Shares | Amount | | Shares | Percentage of Ownership (%) | Amount | Unit Price | Amount | | |
| Cathay Real Estate Management Co., Ltd. | 5,000,000 | 100.00% | $118,195 | - | $35,494 | (Note 1，Note 5) | - | $23,995 | (Note 2) | 5,000,000 | 100.00% | $129,694 | $25.94 | $129,694 | None | |
| Cathay Healthcare Management Co., Ltd. | 46,750,000 | 85.00% | 525,996 | - | 114,835 | (Note 1) | - | 20,619 | (Note 2，Note 5) | 46,750,000 | 85.00% | 620,212 | 13.27 | 620,212 | " | |
| Cathay Hospitality Management Co., Ltd. | 40,000,000 | 100.00% | 246,677 | 10,000,000 | 100,000 | (Note 4) | - | 252,542 | (Note 1，Note 6) | 50,000,000 | 100.00% | 94,135 | 1.35 | 94,135 | " | |
| Cathay Hospitality Consulting Co., Ltd. | 35,000,000 | 100.00% | 244,815 | 25,000,000 | 250,000 | (Note 4) | - | 334,076 | (Note 1) | 60,000,000 | 100.00% | 160,739 | 1.88 | 160,739 | " | |
| Cymbal Medical Network Co., Ltd. | 35,000,000 | 100.00% | 305,610 | - | - | | - | 57,891 | (Note 1) | 35,000,000 | 100.00% | 247,719 | 7.08 | 247,719 | " | |
| Lin Yuan Property Management Co., Ltd. | 1,530,000 | 51.00% | 55,129 | - | 34,439 | (Note 1，Note 5) | - | 29,147 | (Note 2) | 1,530,000 | 51.00% | 60,421 | 39.49 | 60,421 | " | |
| Jinhua Realty Co., Ltd. | 40,800,000 | 51.00% | 342,764 | - | - | | - | 4,125 | (Note 1) | 40,800,000 | 51.00% | 338,639 | 9.04 | 338,639 | " | |
| Bannan Realty Co., Ltd. | 40,800,000 | 51.00% | 402,489 | 17,850,000 | 178,500 | (Note 4) | - | 2,851 | (Note 1) | 58,650,000 | 51.00% | 578,138 | 14.17 | 578,138 | " | |
| Sanchong Realty Co., Ltd. | 66,000 | 66.00% | 660 | 171,534,000 | 1,715,340 | (Note 4) | - | 64,229 | (Note 1，Note 7) | 171,600,000 | 66.00% | 1,651,771 | 9.95 | 1,651,771 | " | |
| Zhulun Realty Co., Ltd. | - | 0.00% | - | 20,400,000 | 204,000 | (Note 4) | - | 3,714 | (Note 1) | 20,400,000 | 51.00% | 200,286 | 9.82 | 200,286 | " | |
| San Ching Engineering Co., Ltd. | - | 0.00% | - | 120,000,000 | 2,778,040 | (Note 1，Note 3，Note 4，Note 6，Note 8，Note 9) | - | 18,149 | (Note 5) | 120,000,000 | 100.00% | 2,759,891 | 22.85 | 2,759,891 | " | |
| Symphox Information Co., Ltd. | - | 0.00% | - | 5,489,000 | 71,518 | (Note 3，Note 4，Note 5，Note 9) | - | 7,931 | (Note 1，Note 6) | 5,489,000 | 11.00% | 63,587 | 8.92 | 63,587 | " | |
| San Hsiung Fongshan LaLaport Co., Ltd. | - | 0.00% | - | 150,000,000 | 152,620 | (Note 1，Note 4) | - | - | | 150,000,000 | 30.00% | 152,620 | 0.94 | 152,620 | " | |
| Total | | | $2,242,335 | | $5,634,786 | | | $819,269 | | | | $7,057,852 | | $7,057,852 | | |

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: Unrealized gains (losses) on sales.

NOTE 8: Bargain purchase on acquisition.

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.

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

8. Statement of Changes in Right-of-use Assets

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Item | Beginning Balance as of January 1, 2022 | Addition | Disposal | Ending balance as of December 31, 2022 | Note |
|---|---|---|---|---|---|
| Land | $27,920 | $13,034 | $12,449 | $28,505 | |
| Building | 31,001 | 1,246 | - | 32,247 | |
| Total | $58,921 | $14,280 | $12,449 | $60,752 | |

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, 2022

(Expressed in thousands of New Taiwan Dollars)

| Item | Beginning Balance as of January 1, 2022 | Addition | Disposal | Ending balance as of December 31, 2022 | Note |
|---|---|---|---|---|---|
| Land | $14,586 | $11,967 | $12,449 | $14,104 | |
| Building | 7,750 | 16,248 | - | 23,998 | |
| Total | $22,336 | $28,215 | $12,449 | $38,102 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Guarantee deposits paid | | | |
| Third parties | | | |
| Muzha | Deposit | $98,170 | |
| Beitou Daye Rd | Deposit | 330,337 | |
| Nangang | Deposit | 194,601 | |
| Xindian | Deposit | 132,890 | |
| Lin Yuan | Deposit | 83,844 | |
| Beitou Cathay The Essence Garden | Deposit | 74,710 | |
| Sanchong | Deposit | 55,260 | |
| Other | | 102,775 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 1,072,587 | |
| Related parties | | | |
| Others | Deposit of Rent and construction | 16,086 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 16,086 | |
| Total | | 1,088,673 | |
| Land held for construction site | The farm required in the name of third party | 18,425 | |
| Prepaid equipment | | 45,463 | |
| Other non-current assets | | 16,264 | |
| Total | | $1,168,825 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Type | Bank | Ending Balance | Priod | Interest rate | Limited | Guarantee or pledged | Notes |
|---|---|---|---|---|---|---|---|
| Credit loan | First Bank | $1,690,000 | 2022.8~2023.8 | 1.33%~2.30% | $1,690,000 | None | Association guarantor is the Chairman of the Company |
| | Hua Nan Bank | 500,000 | 2022.12~2023.3 | 1.33%~2.30% | 500,000 | " | Association guarantor is the Chairman of the Company |
| | Mizuho Bank | 1,450,000 | 2022.8~2023.6 | 1.33%~2.30% | 1,450,000 | " | Association guarantor is the Chairman of the Company |
| | Agricultural Bank of Taiwan | 500,000 | 2022.5~2023.5 | 1.33%~2.30% | 500,000 | " | Association guarantor is the Chairman of the Company |
| | Bank of China | 1,500,000 | 2022.12~2023.1 | 1.33%~2.30% | 1,500,000 | " | Association guarantor is the Chairman of the Company |
| | China Construction Bank | 1,800,000 | 2022.12~2023.1 | 1.33%~2.30% | 2,000,000 | " | Association guarantor is the Chairman of the Company |
| | Sumitomo Mitsui Bank | 1,450,000 | 2022.12~2023.6 | 1.33%~2.30% | 1,500,000 | " | Association guarantor is the Chairman of the Company |
| | Mega Bank | 300,000 | 2022.12~2023.2 | 1.33%~2.30% | 300,000 | " | Association guarantor is the Chairman of the Company |
| | Chang Hwa Commercial Bank | 790,000 | 2022.5~2023.5 | 1.33%~2.30% | 1,000,000 | " | Association guarantor is the Chairman of the Company |
| | DBS Bank | 1,200,000 | 2022.12~2023.12 | 1.33%~2.30% | 1,200,000 | " | Association guarantor is the Chairman of the Company |
| | Subtotal | 11,180,000 | | | | | |
| Pledged bank loan | Cathay United Bank | 620,000 | 2022.5~2023.5 | 1.33%~2.30% | 3,718,310 | Investment property | Association guarantor is the Chairman of the Company |
| | Total | $11,180,000 | | | | | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Bank | Period | Interest rate | Amount | | | Notes |
|---|---|---|---|---|---|---|---|
| | | | | Issued amount | unamortized discount | Book value | |
| Short-term notes | The Shanghai Commercial & Savings Bank | 2022.12~2023.3 | 1.48% | $2,000,000 | $5,420 | $1,994,580 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Advance Real Estate Receipts | | | |
| Tree Rivers, Cathay's Home II | | $630,193 | |
| Cathay Opulence | | 562,786 | |
| Cathay ChuanQing | | 339,722 | |
| Cathay The Essence Garden | | 298,379 | |
| Cathay YouYong | | 343,697 | |
| Cathay Youjing | | 301,661 | |
| Cathay Harvest | | 374,112 | |
| Cathay THE PARK | | 328,438 | |
| Cathay MOST+ | | 454,218 | |
| Cathay Lagom | | 373,155 | |
| Others | Advance real estate receipts and rent | 1,493,748 | The amount of individual item in others does not exceed 5% of the account balance. |
| Total | | $5,500,109 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Shin Nan Natural Gas CO., Ltd | Gas construction of Cathay Panyun | $6,750 | |
| Other | | 34,859 | The amount of individual item in others does not exceed 5% of the account balance. |
| Total | | $41,609 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Transaction with third parties | | | |
| Tree Rivers, Cathay's Home II | Final cost payable | $90,051 | |
| Tree Rivers, Cathay's Home I | Final cost payable | 47,182 | |
| Cathay The Seeds of Happiness | Final cost payable | 38,137 | |
| Cathay Park Beautiful Mansion | Final cost payable | 85,042 | |
| Cathay HYGGE | Final cost payable | 85,257 | |
| Cathay Mega+ | Final cost payable | 73,520 | |
| City Landmark | Final cost payable | 58,237 | |
| Others | | 254,050 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 731,476 | |
| Transaction with related parties | | | |
| San Ching Engineering Co., Ltd. | Final cost payable & Warranty payable | 614,128 | |
| Cathay United Bank | Trust management fee payable | 44,924 | |
| Others | | 424 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 659,476 | |
| Total | | $1,390,952 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Payroll and bonus payable | | $60,297 | |
| Dividend payable | | 40,593 | |
| Dividend refundable | | 28,280 | |
| Commission payable | | 261,281 | |
| Others | | 75,533 | The amount of individual item in others does not exceed 5% of the account balance. |
| Total | | $465,984 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

17. Statement of Lease Liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Item | Description | Rental Period | Discount Rate | Ending Balance | Note |
|---|---|---|---|---|---|
| Land | Advertising land | 2021.03.01~2025.07.31 | 1.47%~1.85% | $13,466 | |
| Building | Office building | 2021.07.01~2023.06.30 | 1.47%~1.57% | 8,327 | |
| Total | | | | $21,793 | |
| Current | | | | $15,247 | |
| Non-current | | | | 6,546 | |
| Total | | | | $21,793 | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Creditor | Description | Amount | Period | Interest Rate | Guarantee or pledged | Note |
|---|---|---|---|---|---|---|
| Taishin International Bank | | $1,747,000 | 2022.7~2025.5 | 1.38%~2.10% | None | Association guarantor is the Chairman of the Company. |
| Hua Nan Commercial Bank | | 7,150,000 | 2020.7~2024.10 | 1.38%~2.10% | " | Association guarantor is the Chairman of the Company. |
| Mega Bank | | 629,550 | 2021.11~2027.7 | 1.38%~2.10% | " | Association guarantor is the Chairman of the Company. |
| Chang Hwa Commercial Bank | | 3,300,000 | 2021.11~2025.9 | 1.38%~2.10% | " | Association guarantor is the Chairman of the Company. |
| Far Eastern International Bank | | 1,645,000 | 2022.8~2025.7 | 1.38%~2.10% | " | Association guarantor is the Chairman of the Company. |
| KGI Bank | | 2,750,000 | 2022.9~2024.11 | 2.26%~2.30% | Investment property | Association guarantor is the Chairman of the Company. |
| DBS Bank | | 1,200,000 | 2022.11~2026.8 | 2.26%~2.30% | Inventory-construction land | Association guarantor is the Chairman of the Company. |
| Subtotal | | 18,421,550 | | | | |
| Less : current portion | | (4,150,000) | | | | |
| Total | | $14,271,550 | | | | |

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Note |
|---|---|---|---|
| Net defined benefit liability | | $68,314 | |
| Guarantee deposits received | | | |
| Third parties | | | |
| Home Media Group Ltd. | Housing deposit | 12,237 | |
| Din Tai Fung Co., Ltd. | Housing deposit | 6,000 | |
| Others | Housing deposit | 80,959 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 99,196 | |
| Related parties | | | |
| Others | Housing deposit | 6,323 | The amount of individual item in others does not exceed 5% of the account balance. |
| Subtotal | | 6,323 | |
| Total | | 105,519 | |
| Other liabilities | Deferred credits- unrealized gains on inter-affiliate accounts | 13,252 | |
| Total | | $187,085 | |

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, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Rental Income | | $368,804 | |
| Land Income | | 10,057,488 | |
| Building Income | | 3,700,337 | |
| Total | | $14,126,629 | |

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, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Lease costs | | $325,727 | |
| Land costs | | 7,554,400 | |
| Building costs | | 3,658,157 | |
| Total | | $11,538,284 | |

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, 2022

(Expressed in thousands of New Taiwan Dollars)

| Items | Description | Amount | Notes |
|---|---|---|---|
| Selling expenses | Advertising etc. | $829,491 | |
| Salary and wages | | 188,641 | |
| Taxes | | 107,207 | |
| Other expenses | | 147,466 | The amount of individual item in others does not exceed 5% of the account balance. |
| Total | | $1,272,805 | |