

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.
Parent Company Only Financial Statements Report of
Independent Auditors
For the year ended December 31, 2023
and December 31, 2022

Notice to Readers

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

Parent Company Only Financial Statements

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Independent Auditors' Report Translated from Chinese

To Cathay Real Estate Development Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Cathay Real Estate Development Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

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

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

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

Valuation of Construction Land

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

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

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

Other Matter—Making Reference to the Audits of Component Auditors

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

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

Others

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Jung Huang

Ma, Chun Ting

Ernst & Young, Taiwan

March 14, 2024

Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets

As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Balance Sheets (continued)

As of December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

(Expressed in thousands of New Taiwan Dollars)

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

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

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

(Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

Notes to Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

1. History and organization

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

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

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

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

3. Newly issued or revised standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. IFRS 17 “Insurance Contracts”

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

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

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

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C. Lack of Exchangeability – Amendments to IAS 21

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

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

4. Summary of material accounting policies

(1) Statement of compliance

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

(2) Basis of preparation

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

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

(3) Foreign currency transactions

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

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

(5) Current and non-current distinction

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

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

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

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Financial assets measured at fair value through other comprehensive income

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

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

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

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

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C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial Liabilities

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

Financial liabilities at amortized cost

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

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

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Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Inventories

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

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

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

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

(10) Investment accounted for using equity method

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

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

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

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

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

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

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

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

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

(11) Property, plant and equipment

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

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

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

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

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

(12) Investment properties

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

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

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

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

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

(13) Leases

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(14) Intangible assets

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

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

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

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

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

Computer software

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

(15) Impairment of non-financial assets

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

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

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

(16) Revenue Recognition

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

Sales of buildings and lands

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

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

(17) Borrowing costs

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

(18) Retirement benefits plans

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

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

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

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

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

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

(19) Income taxes

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

Current income tax

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

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

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Deferred tax

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

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

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

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

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

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

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

(20) Business combinations

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

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

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

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

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

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

5. Significant accounting judgements, estimates and assumptions

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

(1) Judgement

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

Operating lease commitment-Company as the lessor

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of non-financial assets

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

C. Pension benefits

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

D. Income taxes

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

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

E. Inventory evaluation

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

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F. Accounts receivables-estimation of impairment loss

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

6. Contents of significant accounts

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

(3) Notes receivable

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

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

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

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(4) Accounts receivable and accounts receivable -related parties

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

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

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

(5) Inventories

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

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

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

C. Significant construction projects in progress were as follows:

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

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

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

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

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

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

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

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

- H. Incremental costs of obtaining contracts

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

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(6) Investment accounted for using equity method

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

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

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

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

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

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

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

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

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

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

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

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

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(7) Property, plant and equipment

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

A. Owner occupied property, plant and equipment

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

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

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

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

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

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

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(8) Investment properties

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

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

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

(9) Intangible assets

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

Amortization expense of intangible assets were as follows:

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

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(10) Other non-currents assets

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

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

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

(11) Short-term loan

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

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

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

(12) Short-term notes payable

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

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(13) Long-term loans

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

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

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

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

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

(14) Retirement benefits plans

Defined contribution plan

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

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

Defined benefits plan

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

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

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

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

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

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

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	\$139,063	\$135,036	\$154,202
Fair value of plan assets	(73,375)	(66,722)	(75,703)
Other non-current liabilities-accrued pension liabilities (assets) recognized on the balance sheets	<u>\$65,688</u>	<u>\$68,314</u>	<u>\$78,499</u>

Reconciliation of net defined benefit liabilities (assets):

	Defined benefits obligation	Plan assets fair value	Net defined benefit liabilities (assets)
As of January 1, 2022	\$154,202	\$(75,703)	\$78,499
Net defined benefit cost			
Current service cost	5,814	-	5,814
Interest expense (income)	979	(473)	506
Subtotal	<u>6,793</u>	<u>(473)</u>	<u>6,320</u>
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(6,320)	-	(6,320)
Experience adjustment	10,306	-	10,306
Remeasurement of plan assets	-	1,336	1,336
Subtotal	<u>3,986</u>	<u>1,336</u>	<u>5,322</u>
Payments from the plan	(29,945)	18,004	(11,941)
Contributions by employer	-	(9,886)	(9,886)
As of December 31, 2022	135,036	(66,722)	68,314

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	Defined benefits obligation	Plan assets fair value	Net defined benefit liabilities (assets)
Net defined benefit cost			
Current service cost	4,752	-	4,752
Interest expense (income)	1,647	(830)	817
Subtotal	6,399	(830)	5,569
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	801	-	801
Experience adjustment	5,406	-	5,406
Remeasurement of plan assets	-	(5,786)	(5,786)
Subtotal	6,207	(5,786)	421
Payments from the plan	(8,579)	8,158	(421)
Contributions by employer	-	(8,195)	(8,195)
As of December 31, 2023	\$139,063	\$(73,375)	\$65,688

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

	As of December 31,	
	2023	2022
Discount rate	1.18%	1.26%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption:

	For the years ended December 31,			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Increase defined benefit obligation
Discount rate increases by 0.25%	\$-	\$2,503	\$-	\$2,566
Discount rate decreases by 0.25%	2,503	-	2,701	-
Future salary increases by 0.5%	4,867	-	5,131	-
Future salary decreases by 0.5%	-	4,728	-	4,861

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The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Common stock

The Company's authorized capital was NT\$ 20,000,000 thousand and issued capital was NT\$ 11,595,611 thousand as at December 31, 2023 and 2022, respectively. The Company has issued 1,159,561 thousand shares as at December 31, 2023 and 2022, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

(16) Capital surplus

	As of December 31,	
	2023	2022
Treasury share transactions	\$10,407	\$10,407
Difference between consideration and carrying amount of subsidiaries acquired or disposed	262	262
Changes in equity of associates and joint ventures accounted for using equity method	63,542	16,452
Others - overdue dividends	44,195	38,141
Total	<u>\$118,406</u>	<u>\$65,262</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(17) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Special reserve

The FSC on September 30, 2021 issued Order No. Financial-Supervisory-Securities-Corporate 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve.

At the first-time adoption of IFRSs, special reserve set aside by The Company was NT\$504,189 thousand. As of December 31, 2023, there were no use, disposition or reclassification of related assets and there is no need to revolving special reserve to retained earnings.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

- a. Payments of all taxes, if any
- b. To offset prior year's deficit, if any
- c. To set aside 10% of the remaining amount as legal reserve after deducting items (a) and
- d. To set aside special reserve, if required
- e. The remaining amount (the "appropriable after-dividend earnings"), if any, combination with prior year's accumulated unappropriated earnings is appropriated based on the appropriation of shareholders' bonuses plan drafted by the board of directors under the ordinary shareholders' meeting.

In response to the changes in the economy and the markets, The Company is developing towards diversified investment to increase profitability. Considering long-term financial planning and cash flows, the dividend policy adopts the residual dividend policy for stable growth and sustainable operation. According to the Company's operating plan, capital investment and the shareholders' demand for cash inflows, and avoiding excessive inflationary capital, the surplus distribution is given priority by cash dividends, and the stock dividends are also issued, but the cash dividend distribution ratio cannot less than 50% of the total dividend.

D. For the years ended December 31, 2022 and 2021, the details of earnings distribution and dividends per share were resolved by the shareholder's meeting on June 9, 2023 and June 17, 2022, were as follows:

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	Appropriation of earnings (In thousand NT dollars)		Cash Dividend per share (NT dollars)	
	2022	2021	2022	2021
Legal reserve	\$108,069	\$84,754		
Common stock - cash dividend	579,781	695,737	\$0.5	\$0.6

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

(18) Operating revenues

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sales of buildings and land	\$6,454,013	\$13,757,825
Rental income	375,147	368,804
Total	<u>\$6,829,160</u>	<u>\$14,126,629</u>

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

A. Disaggregation of revenue

For the year ended December 31, 2023

	Property and real estate investment development department
Sales of buildings and lands	\$6,454,013
Rental income	375,147
Total	<u>\$6,829,160</u>
Revenue recognition point:	
At a point in time	\$6,454,013
Over time	375,147
Total	<u>\$6,829,160</u>

For the year ended December 31, 2022

	Property and real estate investment development department
Sales of buildings and lands	\$13,757,825
Rental income	368,804
Total	<u>\$14,126,629</u>

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	Property and real estate investment development department
Revenue recognition point:	
At a point in time	\$13,757,825
Over time	368,804
Total	<u>\$14,126,629</u>

B. Contract balances

Contract liabilities - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	<u>\$6,202,748</u>	<u>\$5,500,109</u>	<u>\$4,627,062</u>

For the years ended December 31, 2023 and 2022, the movement in the contract liabilities were as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the year that was included in the balance at the beginning of the year	\$(1,478,767)	\$(1,694,373)
Increase in receipt in advance during the period	2,181,406	2,567,420

C. Assets recognized from the revenue from contracts with customers

Incremental costs of obtaining contracts

	As of December 31,	
	2023	2022
Sales of buildings and lands	<u>\$1,196,906</u>	<u>\$1,010,700</u>

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2023 and 2022 were NT\$126,758 thousand and NT\$347,830 thousand, respectively.

(19) Expected credit losses/(gains)

	For the years ended December 31,	
	2023	2022
Operating expenses-expected credit losses/(gains)		
Accounts receivable	<u>\$(1)</u>	<u>\$-</u>

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Please refer to Note 12 for information of credit risks.

The Company measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The Company considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. The details of the loss allowance measured was as follows:

As of December 31, 2023

	Neither past due (Note)	Past due					Total
		Within 1 month	1-3 months	3-9 months	9-12 months	Over 1 year	
Gross carrying amount	\$710,335	\$3,025	\$-	\$-	\$-	\$-	\$713,360
Loss rate	-	-	-	-	-	-	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying Amount	\$710,335	\$3,025	\$-	\$-	\$-	\$-	\$713,360

As of December 31, 2022

	Neither past due (Note)	Past due					Total
		Within 1 month	1-3 months	3-9 months	9-12 months	Over 1 year	
Gross carrying amount	\$37,067	\$6,436	\$-	\$-	\$-	\$-	\$43,503
Loss rate	-	0.01%	-	-	-	-	
Lifetime expected credit losses	-	1	-	-	-	-	1
Carrying Amount	\$37,067	\$6,435	\$-	\$-	\$-	\$-	\$43,502

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

For the years ended December 31, 2023 and 2022, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2022	\$-	\$1
Addition/(reversal) for the current period	-	-
Amounts written off during the period as uncollectible	-	-
As of December 31, 2022	-	1
Addition/(reversal) for the current period	-	(1)
Amounts written off during the period as uncollectible	-	-
As of December 31, 2023	\$-	\$-

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(20) Operating leases

A. Company as a lessee

The Company leases various properties, including land and buildings. The lease term of each contract ranges from 2 to 3 years. No restrictions are imposed on the Company in this contract.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use asset

	As of December 31,	
	2023	2022
Land	\$6,879	\$14,401
Buildings and facilities	24,938	8,249
Total	<u>\$31,817</u>	<u>\$22,650</u>

For the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounting to NT\$33,251 thousand and NT\$14,280 thousand, respectively.

(b) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	<u>\$31,634</u>	<u>\$21,793</u>
Current	\$20,968	\$15,247
Non-current	10,666	6,546

Please refer to Note 6.22.(4) D for the interest on lease liability recognized during the years ended December 31, 2023 and 2022 and refer to Note 12. (5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	\$7,522	\$11,967
Buildings and facilities	16,562	16,248
Total	<u>\$24,084</u>	<u>\$28,215</u>

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c. Income and costs relating to leasing activities

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
The expense relating to short-term leases	\$56	\$120
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-

As of December 31, 2023 and 2022, the short-term lease portfolio promised by the Company and the types of lease targets related to the aforementioned short-term lease expenses are similar.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounting to NT\$24,037 thousand and NT\$28,937 thousand, respectively.

B. Company as a lessor

Please refer to Note 6 (8) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$375,147</u>	<u>\$368,804</u>

Please refer to Note 6. (8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

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	As of December 31,	
	2023	2022
Not later than 1 year	\$441,880	\$325,657
Later than 1 year and not later than 2 years	338,298	200,287
Later than 2 year and not later than 3 years	294,953	145,172
Later than 3 year and not later than 4 years	272,698	123,256
Later than 4 year and not later than 5 years	250,236	105,170
Later than 5 years	749,987	743,339
Total	<u>\$2,348,052</u>	<u>\$1,642,881</u>

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

Function Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$33,939	\$162,333	\$196,272	\$30,582	\$168,279	\$198,861
Labor and health insurance	-	14,921	14,921	-	14,775	14,775
Pension	-	10,678	10,678	-	11,092	11,092
Other employee benefits expense	-	8,249	8,249	-	7,710	7,710
Depreciation and depletion	176,733	29,849	206,582	174,355	31,935	206,290
Amortization	-	3,201	3,201	-	2,591	2,591

A. On December 31, 2023 and 2022, the numbers of employees were 161 and 160 respectively, among which the numbers of directors who have not served as employees were both 4.

B. The average employee benefits expense for the years ended December 31, 2023 and 2022 were NT\$1,413 thousand and NT\$1,441 thousand, respectively. (“Total employee benefits expense for the year - Total director’s remuneration for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”)

C. The average salaries and wages for the years ended December 31, 2023 and 2022 were NT\$1,250 thousand and NT\$1,275 thousand, respectively (“Total salaries and wages for the year” / “Number of employees for the year - Number of directors who have not served as employees for the year”). The average salaries and wages decreased by 1.96% (“Average salaries and wages for the year - Average salaries and wages last year” / “Average salaries and wages last year”).

D. The Company established an audit committee instead of supervisors.

- E. The Company's policy of salaries and wages for directors, managers and employees is as follows: In order to attract, keep and motivate talents for the balance of sustainable running and risk control, the Company follows "Directors' Remuneration Guidelines", "Managers' Remuneration Guidelines", employees' salaries regulations and other related regulations to decide salaries and wages. Also, the Company comprehensively considers individuals' responsibility, the market, contribution, performance and expected or realized risks. Related regulations are modified and reviewed on regular basis based on actual operation.
- F. Employees' Compensation and Directors' Remuneration

According to the Company's Articles of Incorporation, 0.1% to 1% and lower than 1% of the profit of the period should be distributed as compensation for employees and directors' remuneration. However, if there is accumulated deficit, the deficit should be covered first. The Group may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employees' compensation and directors' remuneration was NT\$2,245 thousand and NT\$2,400 thousand, estimated as 0.1% and lower than 1% of the Company's net profit and recognized as compensation for employees and directors' remuneration for the year ended December 31, 2023. The amount of employees' compensation and directors' remuneration recognized in the year ended December 31, 2022 was NT\$1,330 thousand and NT\$2,400 thousand, respectively. The aforementioned amounts were listed under salary expenses. If the abovementioned employees' compensation and directors' remuneration estimations are different from the actual distributed amount resolved by the board of director's meeting, the difference will be recognized as profit or loss in the next period.

The Company's the board of director's meeting on March 14, 2023 resolved to distribute NT\$1,330 thousand and NT\$2,400 thousand of employee's and director's compensation in cash. There are no material differences exist between the estimated amount in the financial statement of 2022 and the actual distribution.

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(22) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Deposit interest	\$11,010	\$2,060
Others	23,268	9,490
Total	\$34,278	\$11,550

B. Other income

	For the years ended December 31,	
	2023	2022
Dividend income	\$61,287	\$204,369
Bargain purchase gain	-	281,818
Other	71,793	132,932
Total	\$133,080	\$619,119

C. Other gains or losses

	For the years ended December 31,	
	2023	2022
Gains on disposal and abandon of property, plant and equipment	\$2,814	\$4,279
Impairment loss	(52,089)	-
Other	(2,255)	(744)
Total	\$(51,530)	\$3,535

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$248,679	\$161,229
Interest on lease liabilities	571	375
Total	\$249,250	\$161,604

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(23) Components of other comprehensive income

For the year ended December 31, 2023

				Income tax relating to components of	
	Arising during	Reclassification	Other	other	Other
	the period	adjustments	comprehensive	comprehensive	comprehensive
		during the period	income, before tax	income	income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(421)	\$-	\$(421)	\$84	\$(337)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	213,675	-	213,675	-	213,675
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(180)	-	(180)	-	(180)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	81	-	81	-	81
Total	<u>\$213,155</u>	<u>\$-</u>	<u>\$213,155</u>	<u>\$84</u>	<u>\$213,239</u>

For the year ended December 31, 2022

				Income tax relating to components of	
	Arising during	Reclassification	Other	other	Other
	the period	adjustments	comprehensive	comprehensive	comprehensive
		during the period	income, before tax	income	income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(5,322)	\$-	\$(5,322)	\$1,064	\$(4,258)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(1,355,894)	-	(1,355,894)	-	(1,355,894)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(14,067)	-	(14,067)	-	(14,067)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method	432	-	432	-	432
Total	<u>\$(1,374,851)</u>	<u>\$-</u>	<u>\$(1,374,851)</u>	<u>\$1,064</u>	<u>\$(1,373,787)</u>

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(24) Income taxes

The components of income tax expenses are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense (income):		
Current income tax payable	\$91,367	\$43,154
Current land value increment tax charge	4,219	117,520
Adjustments in respect of current income tax of prior periods	(23,796)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,983	(41,733)
Total income tax expense (income)	<u>\$75,773</u>	<u>\$118,941</u>

Income tax relating to components of other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(84)</u>	<u>\$(1,064)</u>

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	<u>\$2,240,210</u>	<u>\$1,326,690</u>
Tax at the domestic rates applicable to profits in the country concerned	\$448,042	\$265,338
Tax effect of revenues exempt from taxation	(474,668)	(341,476)
Tax effect of non-deductible expenses	102,334	103,405
Tax effect of deferred tax assets/liabilities	-	(70,140)
Surtax on undistributed retain earnings	19,642	3,352
Adjustments in respect of current income tax of prior periods	(23,796)	-
Current land value increment tax	4,219	117,520
Tax effect of adjustments in accordance with tax laws	<u>-</u>	<u>40,942</u>
Total income tax expense (income) recognized in profit or loss	<u>\$75,773</u>	<u>\$118,941</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Ending Balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	88,450	(2,602)	-	85,848
Depreciation difference for tax purpose - investment property	93,306	(2,744)	-	90,562
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,041	(97)	-	1,944
Unrealized intragroup profits and losses	17,380	(8)	-	17,372
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	10,418	-	13,287
Non-current liability - defined benefit liability	9,341	(609)	84	8,816
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	158,415	(8,341)	-	150,074
Deferred tax income/(expense)		<u>\$(3,983)</u>	<u>\$84</u>	
Net deferred tax assets/(liabilities)	<u>\$363,160</u>			<u>\$359,261</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$373,209</u>			<u>\$369,310</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

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For the year ended December 31, 2022

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending Balance
Temporary differences				
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS - land value increment tax	\$(10,049)	\$-	\$-	\$(10,049)
Revaluations of investment property to fair value as deem cost at the date of transition to IFRS	91,051	(2,601)	-	88,450
Depreciation difference for tax purpose - investment property	96,051	(2,745)	-	93,306
Depreciation difference for tax purpose of property, plants and Equipment - interest capitalization	2,138	(97)	-	2,041
Unrealized intragroup profits and losses	6,148	11,232	-	17,380
Allowance for loss	1,400	-	-	1,400
Allowance for loss of inventories price falling	2,869	-	-	2,869
Non-current liability - defined benefit liability	11,378	(3,101)	1,064	9,341
Accrued expenses over two years transfer to revenue	7	-	-	7
Unrealized advertising fee	119,370	39,045	-	158,415
Deferred tax income/(expense)		<u>\$41,733</u>	<u>\$1,064</u>	
Net deferred tax assets/(liabilities)	<u>\$320,363</u>			<u>\$363,160</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$330,412</u>			<u>\$373,209</u>
Deferred tax liabilities	<u>\$(10,049)</u>			<u>\$(10,049)</u>

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the deferred tax assets that have not been recognized both amounted to NT\$0.

The assessment of income tax returns

The Company's income tax return has been assessed and approved by the tax authorities through 2021.

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(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Basic earnings per share (NT\$)	\$1.87	\$1.04
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$2,164,437	\$1,207,749
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,159,561	1,159,561
Effect of dilution:		
Employee compensation-stock (in thousands)	139	71
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,159,700	1,159,632
Diluted earnings per share (NT\$)	\$1.87	\$1.04

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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(26) Business combinations

Acquisition of San Ching Engineering Co., Ltd.

In May 2022, the Company acquired 100% of voting shares of San Ching Co., Ltd., which provides services such as construction project contracting and construction management. The Company acquired San Ching Engineering Co., Ltd. to reduce costs, enhance competitiveness, and expand real estate development projects.

The Company has elected to measure the acquiree's non-controlling interest in proportion to the acquiree's relative share of net identifiable assets recognized.

The fair value of the identifiable assets and liabilities of San Ching Engineering Co., Ltd. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$801,943
Contract assets	115,774
Accounts receivable	598,144
Other receivables	9,047
Current tax assets	23,266
Inventories	2,284,353
Prepayments	106,052
Other current assets	107,533
Financial assets measured at fair value through other comprehensive income	15,300
Investment accounted for using equity method	540,531
Property, plant and equipment	6,302,922
Right-of-use assets	355,271
Investment properties	255,279
Intangible assets	498,206
Other non-currents assets	480,736
Subtotal	<u>12,494,357</u>

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	Fair value recognized on the acquisition date
Liabilities	
Short-term loan	1,016,000
Short-term notes payable	1,394,784
Contract liabilities-current	952,986
Notes payable	3,477
Accounts payable	254,958
Other payables	313,766
Current tax liabilities	202,306
Long-term loans-current portion	282,398
Other current liabilities	1,356
Long-term loans	4,047,258
Lease liabilities (including non-current)	362,431
Other non-current liabilities	75,593
Subtotal	8,907,313
Identifiable net assets	33,587,044
Bargain purchase gain is calculated as follows:	
Purchase consideration	\$1,800,000
Add: non-controlling interests at fair value	1,505,226
Less: identifiable net assets at fair value	(3,587,044)
Bargain purchase gain	\$(281,818)
Analysis of cash flows on acquisition:	
Cash paid	\$1,800,000
Net cash acquired with the subsidiary	(801,943)
Net cash flow	\$998,057

The above financial information is disclosed based on the merger information of the acquiring company.

From the acquisition date to December 31, 2022, San Ching Engineering Co., Ltd. contributed NT\$267,011 thousand net income from continuing operations. If the combination had taken place at the beginning of the year, the net income from continuing operations for the Company would have been NT\$1,084,063 thousand.

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7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

(1) Name and nature of relationship of the related parties

Name of the related parties	Relationships with the Company
Cathay Hospitality Management Co., Ltd. (Cathay Hospitality)	Subsidiary
Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting)	Subsidiary
Bannan Realty Co., Ltd. (Bannan Realty)	Subsidiary
Sanchong Realty Co., Ltd. (Sanchong Realty)	Subsidiary
Zhulun Realty Co., Ltd. (Zhulun Realty)	Subsidiary
Lin Yuan Property Management Co., Ltd. (Lin Yuan Property)	Subsidiary
San Ching Engineering Co., Ltd. (San Ching Engineering)	Subsidiary (Note 1)
Cathay Life Insurance Co., Ltd. (Cathay Life Insurance)	Others
Cathay United Bank Co., Ltd. (Cathay United Bank)	Others
Cathay Century Insurance Co., Ltd. (Cathay Century Insurance)	Others
Lin Yuan Investment Co., Ltd. (Lin Yuan Investment)	Others
Nangang International One Co., Ltd. (Nangang One)	Others
Nangang International Two Co., Ltd. (Nangang Two)	Others
Wanda Investment Co., Ltd. (Wanda Investment)	Others
Baixing Investment Co., Ltd. (Baixing Investment)	Others
Yi Ru Enterprise Co., Ltd. (Yi Ru Enterprise)	Others
Wei Don Enterprise Co., Ltd. (Wei Don Enterprise)	Others
Wei Lin Enterprise Co., Ltd. (Wei Lin Enterprise)	Others
Cathay Real Estate Foundation (Cathay-Cultural Foundation)	Others
Hsien Fang Capital Co., Ltd. (Hsien Fang Capital)	Others
Cheng Dao Capital Co., Ltd. (Cheng Dao Capital)	Others
Hung Chih Capital Co., Ltd. (Hung Chih Capital)	Others
○○, Hsu	The spouse of key management personnel

Note 1: San Ching Engineering Co., Ltd. was acquired by the Company in May 2022 and became the Company's subsidiary.

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(2) Significant transactions with the related parties

The Company's related party transactions would not be disclosed when the individual amount is less than 3 million.

A. Cash in banks and short-term loans

		For the year ended December 31, 2023			
Name of the related parties	Type	Maximum amount	Ending balance	Interest rate	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,722,729	\$1,703,560	0.51%	\$9,317
	Checking accounts	2,884,685	7,026	-	-
	Securities accounts	1,098,654	37,140	0.01%	5
	Short-term loan	2,420,000	800,000	1.93%	(19,580)

		For the year ended December 31, 2022			
Name of the related parties	Type	Maximum amount	Ending balance	Interest rate	Interest income (expenses)
Others:					
Cathay United Bank	Demand deposit	\$5,795,589	\$1,755,869	0.01%~0.26%	\$1,331
	Checking accounts	2,536,518	106,970	-	-
	Securities accounts	1,098,476	64,629	0.01%	6
	Short-term loan	620,000	620,000	1.65%	(10,472)

B. Purchase

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
San Ching Engineering	Building constructing or expansion	\$3,512,915	\$3,222,474
San Ching Engineering	Compensation for relocation	4,963	-
Others:			
Cathay United Bank	Management fee of trust service	5,053	5,026
Cathay United Bank	Compensation for relocation	-	236,530
Lin Yuan Investment	Urban renewal co-construction landlord subsidies	6,720	6,720
Total		\$3,529,651	\$3,470,750

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- a. The purchase price to the above related parties was determined through agreement based on the market rates.
- b. The total price of the commissioned construction and consultancy contracts signed by the Company and San Ching Engineering was NT\$19,909,151 thousand and NT\$14,231,767 thousand as of December 31, 2023 and 2022, respectively.

C. Sales

- a. Sales revenue

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Sanchong Realty	Sales of construction land	\$-	\$3,471,000

The transaction price and collection terms above were not significantly different from those with the non-related parties.

- b. Rental income

Name of the related parties	Type	For the years ended December 31,		
		2023	2022	
Subsidiary:				
Cathay Hospitality	Office and vehicles rental	\$32,797	\$32,489	
Cathay Hospitality Consulting	Office and vehicles rental	37,586	34,757	
Others:				
Cathay Life Insurance	Office and vehicles rental	6,609	7,566	
Cathay United Bank	Office rental	18,180	18,069	
Total		\$95,172	\$92,881	

The rental period is 2 to 5 years and rents are collected monthly according to the contract.

D. Notes and accounts payable – related parties

The debt between the Company and the related parties (both uninterested) are as follows:

Name of the related parties	As of December 31,	
	2023	2022
Subsidiary:		
San Ching Engineering	\$1,373,956	\$614,128
Others:		
Cathay United Bank	139	44,924
Total	\$1,374,095	\$659,052

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E. Lease - related parties

a. Right-of-use assets

	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$24,938	\$8,249

The Company acquired right-of-use assets from Cathay Life Insurance amounting to NT\$33,251 thousand and NT\$1,246 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Lease liabilities

	As of December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$25,088	\$8,327

c. Interest expenses

	For the years ended December 31,	
	2023	2022
Others:		
Cathay Life Insurance	\$379	\$248

F. Others

a. Other receivables

Name of the related parties	Type	As of December 31,	
		2023	2022
Subsidiary:			
Zhulun Realty	Business commission fee	\$-	\$8,863

b. Refundable deposits

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Rent deposit	\$4,414	\$4,086
Lin Yuan Investment	Joint construction deposit	8,000	12,000
Total		\$12,414	\$16,086

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c. Guarantee deposits

Name of the related parties	Type	As of December 31,	
		2023	2022
Others:			
Cathay United Bank	Rent deposit	\$4,482	\$4,482

- d. In 2023, the Company signed a housing contract for pre-sale construction with its related parties, Hsien Fang Capital Co., Ltd., Cheng Dao Capital Co., Ltd. and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand, signed a housing contract for pre-sale construction with its related parties, ○○, Hsu, in the total amount of NT\$35,130 thousand, and in 2022, signed a housing contract for pre-sale construction with its related parties, Wanda Investment Co., Ltd., in the total amount of NT\$789,480 thousand.

G. Other income

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Bannan Realty	Business commission fee	\$6,429	\$6,429
Sanchong Realty	Business commission fee	11,750	13,450
Zhulun Realty	Business commission fee	8,333	8,863
Others:			
Cathay Life Insurance	Management fee and planning fee	4,119	3,980
Cathay United Bank	Management fee and planning fee	4,890	4,847
Nangang One	Consulting service	-	28,160
Nangang Two	Consulting service	-	35,840
Total		\$35,521	\$101,569

H. Operating costs

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
Lin Yuan Property	Management and repair and maintenance expenses for rental buildings	\$49,072	\$40,677
Others:			
Cathay Century	Insurance expense for rental buildings	6,306	6,723
Total		\$55,378	\$47,400

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I. Service fee

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Subsidiary:			
San Ching Engineering	Repairs and maintenance expense, construction and maintenance projects	\$14,782	\$-

J. Operating expenses

Name of the related parties	Type	For the years ended December 31,	
		2023	2022
Others:			
Cathay Life Insurance	Costs sharing for management fee and utilities	\$2,907	\$3,222
Cathay-Cultural Foundation	Donation	-	5,000
Total		\$2,907	\$8,222

K. Property transaction

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

For the year ended December 31, 2023: None.

For the year ended December 31, 2022:

Acquisition of financial assets

Name of the related parties	Items	Shares	Subject matter	Purchase price
Others:				
Lin Yuan Investment	Investment accounted for using equity method	10,000,000	Shares of San Ching Engineering	\$300,000
Wanda Investment	"	10,000,000	"	300,000
Baixing Investment	"	10,000,000	"	300,000
Yi Ru Enterprise	"	10,000,000	"	300,000
Wei Don Enterprise	"	10,000,000	"	300,000
Wei Lin Enterprise	"	10,000,000	"	300,000
Total		60,000,000		\$1,800,000

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L. Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$32,552	\$35,565
Post-employment benefits	216	232
Total	<u>\$32,768</u>	<u>\$35,797</u>

8. Pledged assets

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

Items	As of December 31,		Secured liabilities
	2023	2022	
Inventories	\$5,880,000	\$6,405,600	Short-term loan & Long-term loan
Real estate	7,638,372	7,638,372	Short-term loan & Long-term loan
Total	<u>\$13,518,372</u>	<u>\$14,043,972</u>	

Pledged or mortgaged assets are expressed in terms of collateral amounts.

9. Significant commitments and contingent liabilities

(1) Significant contract

Except for the information stated in Note 7.2. (2), the total amount of the construction contracts signed by the Company with non-related parties was NT\$8,960,952 thousand, in which NT\$3,518,308 thousand was unpaid as of December 31, 2023.

(2) Others

Guarantee notes issued for borrowings (financing) were NT\$43,539,200 thousand as of December 31, 2023.

10. Significant disaster losses

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

Financial Assets

	As of December 31,	
	2023	2022
Financial assets measured at fair value through other comprehensive income	\$3,420,054	\$3,206,379
Financial assets at amortized cost:		
Cash and cash equivalents	3,110,211	7,089,526
Notes receivable	21,913	37,966
Accounts receivable	691,447	5,536
Other receivables	2,439	11,163
Refundable deposits	642,150	1,088,673
Subtotal	4,468,160	8,232,864
Total	\$7,888,214	\$11,439,243

Financial Liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loan	\$9,825,000	\$11,800,000
Short-term notes payable	1,498,104	1,994,580
Accounts payables	2,600,331	1,898,545
Long-term loans (including current portion)	19,960,241	18,421,550
Lease liabilities	31,634	21,793
Guarantee deposits	126,674	105,519
Total	\$34,041,984	\$34,241,987

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the above-mentioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market price. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instrument).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, and there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Company mainly engaged in various business activities in Taiwan, and the foreign currency held is not significant. Therefore, the Company's risk due to changes in foreign currency exchange rates is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments with bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$11,323 thousand and NT\$13,795 thousand for the years ended December 31, 2023 and 2022, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investments according to level of authority.

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When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 5%, it could have impacts of NT\$146,327 thousand and NT\$127,936 thousand for the years ended December 31, 2023 and 2022 on the profit/loss or equity attributable to the Company.

Please refer to Note 12. (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for Accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023 and 2022, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks, financial institutions and companies with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank loans and issuance of corporate bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted

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payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

As of December 31, 2023					
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Borrowings	\$19,282,703	\$12,152,005	\$458,316	\$-	\$31,893,024
Accounts payables	2,600,331	-	-	-	2,600,331
Lease liabilities	20,968	10,666	-	-	31,634
Guarantee deposits	60,831	17,309	7,320	41,214	126,674

As of December 31, 2022					
	Less than 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 payables	1,898,545	-	-	-	1,898,545
Lease liabilities	15,247	6,546	-	-	21,793
Guarantee deposits	56,096	19,612	6,572	23,239	105,519

(6) Reconciliation of liabilities arising from financing activities

Reconciliations of the liabilities for the year ended December 31, 2023:

	Short-term loan	Short-term notes payable	Long-term loans (including current portion)	Lease liabilities	Other non-current liabilities	Total liabilities from financing activities
As of January 1, 2023	\$11,800,000	\$1,994,580	\$18,421,550	\$21,793	\$187,085	\$32,425,008
Cash flows	(1,975,000)	(496,476)	1,538,691	(23,981)	18,067	(938,699)
Non-cash changes						
Interest on lease liabilities	-	-	-	571	-	571
Other (Note)	-	-	-	33,251	421	33,672
As of December 31, 2023	<u>\$9,825,000</u>	<u>\$1,498,104</u>	<u>\$19,960,241</u>	<u>\$31,634</u>	<u>\$205,573</u>	<u>\$31,520,552</u>

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities and other non-current liabilities that meet the lease recognition requirements.

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

			Long-term loans (including current portion)	Lease liabilities	Other non- current liabilities	Total liabilities from financing activities
	Short-term loan	Short-term notes payable				
As of January 1, 2022	\$10,770,000	\$1,958,065	\$12,228,685	\$35,955	\$181,149	\$25,173,854
Cash flows	1,030,000	36,515	6,192,865	(28,817)	614	7,231,177
Non-cash changes						
Interest on lease liabilities	-	-	-	375	-	375
Other (Note)	-	-	-	14,280	5,322	19,602
As of December 31, 2022	<u>\$11,800,000</u>	<u>\$1,994,580</u>	<u>\$18,421,550</u>	<u>\$21,793</u>	<u>\$187,085</u>	<u>\$32,425,008</u>

Note: Other lease liabilities are the remeasured amounts of other defined benefit plans for newly added lease liabilities and other non-current liabilities that meet the lease recognition requirements.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, Accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- Equity instruments that are not actively traded in the market (including shares of publicly issued companies in an inactive market, and shares of undisclosed companies) are estimated by market method and are derived from market transactions of the same or comparable company equity instruments. The fair value is derived from the price and other relevant information (such as lack of liquidity discount factor, similar company stock price-to-earnings ratio, similar company's stock price-to-equity ratio).

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B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial instruments measured at amortized cost (including cash and cash equivalents, receivables, payables and other current liabilities) measured at amortized cost approximate their fair value.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Stocks	<u>\$2,926,542</u>	<u>\$-</u>	<u>\$493,512</u>	<u>\$3,420,054</u>

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Stocks	<u>\$2,558,725</u>	<u>\$-</u>	<u>\$647,654</u>	<u>\$3,206,379</u>

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The Company had no assets and liabilities recurring measured at fair value transferring between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset measured at fair value through other comprehensive income- stocks	
	2023	2022
Beginning balance	\$647,654	\$355,116
Total gains and losses recognized for the year ended 31		
Amount recognized in OCI	(154,142)	(89,497)
Additions	-	449,550
Disposals	-	(67,515)
Ending balance	<u>\$493,512</u>	<u>\$647,654</u>

Total gains and losses recognized in profit or loss is NT\$154,142 thousand loss and NT\$28,954 thousand loss for the years ended December 31, 2023 and 2022, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$66,972 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$2,555 thousand

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As of December 31, 2022

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%~50%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT\$66,892 thousand
	Assets approach	P/E ratio of similar entities	0%~30%	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's equity by NT\$2,560 thousand

(9) Significant assets and liabilities denominated in foreign currencies

The Company did not hold major foreign currency financial assets and liabilities as of December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information on significant transactions

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None

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No.	Items	Table
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 1
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	Table 2
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	Table 3
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 4
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	None
I	Derivative financial instruments undertaken	None
J	Significant intercompany transactions between consolidated entities	Table 5

(2) Information on investees

No.	Items	Table
A	Financings provided to others	None
B	Endorsement/guarantee provided to others	None
C	Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)	Table 6
D	Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital	None
E	Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital	None
F	Disposal of property with amount exceeding NT\$300 million or 20% of the paid-in capital	None
G	Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of the paid-in capital or more	Table 7
H	Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital	Table 8
I	Derivative financial instruments undertaken	None
J	Names, locations and related information of investee companies	Table 9

(3) Investment in Mainland China: None.

(4) Information on Major Shareholders: Please refer to Table 10.

14. OPERATING SEGMENT INFORMATION

The Company is not required to prepare operating segment information according to Article 22, Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company has disclosed the operating segment information in the consolidated financial statement.

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Table 1: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Real Estate Development Co., Ltd.	Stock — Cathay Financial Holdings Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	63,968,129	\$2,926,542	0.44%	\$2,926,542	
"	Stock — Gong Cheng Industrial Co. Ltd.	None	Financial assets at fair value through other comprehensive income—non-current	1,580,083	-	3.23%	-	
"	Stock — Gian Feng Investment Co., Ltd.	None	"	2,000,000	25,501	10.00%	25,501	
"	Stock — MetroWalk international Co., Ltd.	None	"	3,448,276	78,828	1.72%	78,828	
"	Stock — Budworth Investments Limited	None	"	30,314	45	3.33%	45	
"	Stock — Nangang International One Co., Ltd.	Others	"	27,465,000	178,797	7.85%	178,797	
"	Stock — Nangang International Two Co., Ltd.	Others	"	32,460,000	210,341	8.12%	210,341	

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

Table 2: Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital

(Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Transaction Amount (Contract Price)	Status of Payment (Tax Included)	Counterparty	Relationship with the counterparty	Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Cathay Real Estate Development Co., Ltd.	2 parcels of land including Land No. 475, Changming Section, Nantun District, Taichung City	2023.07.07	\$725,873	Installment by agreement	Individual	None	-	-	-	\$-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Changming Section, Nantun District	None
Cathay Real Estate Development Co., Ltd.	Land No. 1013 and 1014, Beiuan Section, North Dist., Tainan City	2023.09.08	920,000	Installment by agreement	Individual	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Construction in Beiuan Section, North District	None
Cathay Real Estate Development Co., Ltd.	2 parcels of land (including superficies), including Land No. 10, Wanhe Section, Sanmin District, Kaohsiung City	2023.12.15	1,000,000	Installment by agreement	Legal entity	None	-	-	-	-	1. Refer to the report of a professional real estate appraiser. 2. As negotiated by both parties.	Land held for construction site in Wanhe Section, Sanmin District, including buildings	None

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

Expressed in thousands of New Taiwan Dollars)

Company	Property Name	Transaction Date	Date of original acquisition	Carrying Amount	Transaction Amount (Contract Price)	Status of proceeds collection	Gain(Loss) from disposal	Counterparty	Relationship with the counterparty	Purpose of Acquisition and Current Condition	References for Determining Price	Others
Cathay Real Estate Development Co., Ltd.	81 parcels of public facilities reservations in 9 administrative districts including Zhongshan District	2023.04.26-2023.10.06	1979.08.20	\$2,423	\$735,946	Installment by agreement	\$733,523	New Construction Engineering Office, Public Works Department, Taipei City Government	None	For the consideration of overall operation	1. Refer to the report of a professional real estate appraiser.	None

Table 4: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd	Subsidiary	Construction-in-progress	\$3,517,878	36.15%	Not applicable	\$-	-	\$(1,373,956)	57.50%	Note 2

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

Note 2 : Offset during the preparation of consolidated financial statements.

Note 3: The Company signed a housing contract for pre-sale construction with its related parties, Hsien Famg Capital Co., Ltd., Cheng Dao Capital Co., Ltd. and Hung Chih Capital Co., Ltd., in the total amount of NT\$1,194,030 thousand.

Table 5: Significant intercompany transactions between consolidated entities

(Expressed in thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counterparty	Transaction				
			Relationship (Note 2)	Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other non-current liability-deferred credits-gains on Inter-affiliate accounts	13,211	Regular	0.02%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Realized gain-realized gain from inter-affiliate accounts	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	1	Other income	95	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Rental Income	179	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Construction cost	67	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	1	Other income	58	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Rental Income	159	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	36	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-entertainment expenses	42	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Construction cost	3	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Operating expenses-advertising fee	600	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	1	Other income	29	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Rental Income	425	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-conference fee	138	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Operating expenses-entertainment expenses	102	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	1	Construction cost	2	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Operating expenses-entertainment expenses	119	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Accounts payable to related parties	807	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-miscellaneous expenses	876	Regular	0.01%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Rental Income	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Lease costs	49,072	Regular	0.32%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Other income	83	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-service fee	9	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Operating expenses-advertising fee	198	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	1	Temporary debits	786	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Other income	2,199	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Rental Income	168	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Guarantee deposits received	41	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	1	Land held for construction site	30,259	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Other income	6,429	Regular	0.04%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Rental Income	96	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	1	Guarantee deposits received	23	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Rental Income	150	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Guarantee deposits received	45	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Land held for construction site	56,202	Regular	0.07%
0	Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	1	Other income	11,750	Regular	0.08%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Rental Income	175	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Guarantee deposits received	57	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	1	Other income	8,333	Regular	0.05%
0	Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	1	Other income	11	Regular	0.00%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Accounts payable to related parties	1,373,956	Regular	1.68%
0	Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	1	Other income	2,780	Regular	0.02%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Temporary credits	557	Regular	0.00%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Receipts under custody	10,710	Regular	0.01%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Other income for hotel and restaurant services	28,986	Regular	0.19%
1	Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	1	Others receivables	12,169	Regular	0.01%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Assets	32,163	Regular	0.04%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Contract Liability	928,993	Regular	1.13%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Accounts Receivable-related parties	2,002,652	Regular	2.44%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Construction income	3,655,321	Regular	23.61%
2	San Ching Engineering Co., Ltd.	Cathay Real Estate Development Co., Ltd.	2	Engineering costs	3,405,634	Regular	22.00%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Contract Liability	250,895	Regular	0.31%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Accounts Receivable-related parties	59,136	Regular	0.07%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Construction income	515,481	Regular	3.33%
2	San Ching Engineering Co., Ltd.	Jinhua Realty Co., Ltd.	3	Engineering costs	514,656	Regular	3.32%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Contract Assets	27,998	Regular	0.03%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Construction income	27,998	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Sanchong Realty Co., Ltd.	3	Engineering costs	27,124	Regular	0.18%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Contract Assets	40,198	Regular	0.05%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Construction income	40,198	Regular	0.26%
2	San Ching Engineering Co., Ltd.	Bannan Realty Co., Ltd.	3	Engineering costs	40,009	Regular	0.26%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts Receivable-related parties	21,178	Regular	0.03%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Others receivables	1,179	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Accounts payable to related parties	375	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other payable	629	Regular	0.00%
3	Cathay Hospitality Management Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	3	Accounts payable to related parties	924	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Repairs and maintenance income	345	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Technical service income	643	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Healthcare Management Co., Ltd.	3	Income for building management and maintenance fee	3,611	Regular	0.02%
4	Lin Yuan Property Management Co., Ltd.	Cymbal Medical Network Co., Ltd.	3	Income for building management and maintenance fee	89	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	San Ching Engineering Co., Ltd.	3	Income for building management and maintenance fee	26,261	Regular	0.17%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Income for building management and maintenance fee	1,467	Regular	0.01%
4	Lin Yuan Property Management Co., Ltd.	Cymlin Co., Ltd.	3	Repairs and maintenance income	165	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Management Co., Ltd.	3	Income for building management and maintenance fee	354	Regular	0.00%
4	Lin Yuan Property Management Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	3	Other operating income	3,004	Regular	0.02%

Note1 : The Company and its subsidiaries are coded as follows :

- (1) The Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note2 : The Types of the transactions are coded as follows:

- (1) The Company to subsidiaries is coded "1".
(2) Subsidiaries to The Company is coded "2".
(3) Subsidiaries to Subsidiaries is coded "3".

Note3 : The calculation for the Percentage of consolidated total operating revenues or total assets, if it recognized to assets or liabilities and it should be calculated by the ending balance for the consolidated assets.
If it recognized to profit or loss and it should be calculated by the ending balance for the consolidated revenue.

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Table 6: Securities held as of December 31, 2023 (not including subsidiaries, associates and joint ventures) (Investee information)

Unit: NT\$1,000 ; Share

Holding Company	Type and Name of the Securities (Note)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value	
Cathay Hospitality Management Co., Ltd.	Stock — Nangang International One Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—non-current	35,000	\$227	0.01%	\$227	
"	Stock — Nangang International Two Co., Ltd.	Others	"	40,000	259	0.01%	259	
San Ching Engineering Co., Ltd	Stock — China Construction Management Co., Ltd	None	"	1,400,000	11,326	5.48%	11,326	

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

Table 7: Purchases or sales of goods from or to related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts payable		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts payable	
Jinhua Realty Co., Ltd.	San Ching Engineering Co., Ltd	Others	Construction-in-progress	\$633,600	94.81%	Not applicable	\$-	-	\$-	-	
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	Construction project	(3,655,321)	44.22%	Not applicable	-	-	2,002,652	96.22%	
San Ching Engineering Co., Ltd	Jinhua Realty Co., Ltd.	Others	Construction project	(515,481)	6.24%	Not applicable	-	-	59,136	2.84%	
San Ching Engineering Co., Ltd	Cathay Life Insurance Co., Ltd.	Others	Construction project	(3,535,990)	42.78%	Not applicable	-	-	-	-	
Lin Yuan Property Management Co., Ltd.	Cathay Life Insurance Co., Ltd.	Others	Technical services and repairs and maintenance services	(1,018,269)	64.97%	90 days	-	-	2,343	7.48%	

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

Note 2 : Offset during the preparation of consolidated financial statements.

Table 8: Accounts receivable from related parties exceeding NT\$100 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan Dollars)

Company with accounts receivable	Counterparty	Relationship with the counterparty	Balance of accounts receivable from related parties	Turnover ratio	Overdue accounts receivable from related parties		Accounts receivable from related parties recovered after the period	Amount of provision for doubtful debts	Note
					Amount	Method			
San Ching Engineering Co., Ltd	Cathay Real Estate Development Co., Ltd.	Parent Company	\$2,002,652	-	\$-	-	\$459,197	-	Note 1

Note 1: The accounts receivable were mainly arising from revenue of construction projects and advance payment for construction projects.

Note 2 : Offset during the preparation of consolidated financial statements.

Table 9: Names, locations and related information of investee companies (excluding Mainland China)

Unit: NT\$1,000 ; Share

Investor	Investee	Region	Main Business	Original cost		At the end of period			Investees company net income	Share of Profits/Losses	Note
				Balance at December 31, 2023	Balance at December 31, 2022	Number of shares	Percentage	Carrying Amount			
Cathay Real Estate Development Co., Ltd.	Cathay Real Estate Management Co., Ltd.	ROC	Construction management	\$50,000	\$50,000	5,000,000	100.00%	\$139,517	\$42,688	42,688	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Healthcare Management Co., Ltd.	ROC	Consultancy	467,500	467,500	46,750,000	85.00%	647,572	152,605	129,730	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Management Co., Ltd.	ROC	Service industry	1,740,000	1,740,000	25,000,000	100.00%	63,758	(34,486)	(30,222)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cathay Hospitality Consulting Co., Ltd.	ROC	Service industry	1,300,000	1,300,000	60,000,000	100.00%	128,441	(38,064)	(32,298)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Cymbal Medical Network Co., Ltd.	ROC	Wholesale of Drugs, Medical Goods	350,000	350,000	35,000,000	100.00%	172,373	(75,346)	(75,346)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Lin Yuan Property Management Co., Ltd.	ROC	Apartment building management service industry	68,809	68,809	1,530,000	51.00%	73,857	90,507	46,180	Subsidiary
Cathay Real Estate Development Co., Ltd.	Jinhua Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	408,000	408,000	40,800,000	51.00%	337,027	(3,161)	(1,612)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Bannan Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	586,500	586,500	58,650,000	51.00%	575,544	(5,087)	(2,594)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Sanchong Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	1,834,800	1,716,000	183,480,000	66.00%	1,761,939	(13,077)	(8,632)	Subsidiary
Cathay Real Estate Development Co., Ltd.	Zhulun Realty Co., Ltd.	ROC	Housing and Building Development and Rental industry	204,000	204,000	20,400,000	51.00%	196,953	(6,536)	(3,333)	Subsidiary
Cathay Real Estate Development Co., Ltd.	San Ching Engineering Co., Ltd.	ROC	Construction Contractor	2,400,000	2,400,000	120,000,000	100.00%	2,978,397	736,476	603,115	Subsidiary
Cathay Real Estate Development Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	67,515	67,515	5,489,000	11.00%	95,494	481,930	53,012	Associate
Cathay Real Estate Development Co., Ltd.	San Hsiung Fongshan LaLaport Co., Ltd.	ROC	Department stores industry	204,000	150,000	204,000,000	30.00%	176,352	(100,893)	(30,268)	Associate
Cathay Hospitality Consulting Co., Ltd.	Cathay Food & Beverage Group Co., Ltd.	ROC	Service industry	115,000	15,000	11,500,000	100.00%	131,671	16,665	Note 3	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymder Co., Ltd.	ROC	Manpower dispatch and leasing industry	120,000	120,000	12,000,000	100.00%	76,140	(16,079)	Note 4	Subsidiary
Cymbal Medical Network Co., Ltd.	Cymlin Co., Ltd.	ROC	Manpower dispatch and leasing industry	140,000	140,000	14,000,000	100.00%	92,457	(23,282)	Note 4	Subsidiary
San Ching Engineering Co., Ltd.	Cathay Power Inc	ROC	Solar-power generation industry	1,381,433	1,381,433	111,113,100	30.00%	1,432,891	235,441	70,803	Associate
San Ching Engineering Co., Ltd.	Symphox information Co., Ltd.	ROC	Information software wholesaler	244,770	244,770	19,022,000	38.12%	328,579	481,930	183,713	Associate

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investee could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules:

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should filled in each investee net income.

(3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss.

Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

Note 3: The investment gains and losses have been recognized under equity method by Cathay Hospitality Consulting Co., Ltd.

Note 4: The investment gains and losses have been recognized under equity method by Cymbal Medical Network Co., Ltd.

English Translation of Financial Statements Originally Issued in Chinese

Table 10: Information of major shareholder

Shareholders	Shares	Total Shares Owned	Percentage of Ownership (%)
Employee Pension Management Committee of Cathay Life Insurance Co., Ltd.		288,067,626	24.84%
Wan Pao Development Co., Ltd.		204,114,882	17.60%
Cathay Life Insurance Co., Ltd.		68,646,584	5.92%

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

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Cash on hand and petty cash		\$763	
Bank deposits		2,409,819	
Cash equivalents	Due date: January 9, 2024 Interest rate: 1.17%~1.21%	700,392	
Total		<u>\$3,110,974</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

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

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Financial Instruments	Description	Number of shares	Par Value (NT\$)	Total	Interest Rate	Acquisition	Accumulated	Fair Value		Note
								Unit Price (NT\$)	Total	
Stock										
Cathay Financial Holdings Co., Ltd.	Listed stock	63,968,129	\$10	\$639,681	-	<u>\$2,323,838</u>	Not applicable	\$45.75	<u>\$2,926,542</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

3. Statement of Notes Receivable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Rent	Promissory note for rent	\$21,913	
Less: loss allowance		-	
Net		<u>\$21,913</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

4. Statement of Accounts Receivable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
<u>Third parties</u>			
Sales of real estate		\$690,126	
Rent		96	
Others		905	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		691,127	
Less: loss allowance		-	
Net		691,127	
<u>Related parties</u>			
Other		320	The amount of individual item in others does not exceed 5% of the account balance.
Less: loss allowance		-	
Net		320	
Total		\$691,447	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5. Statement of Inventories

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Land held for construction site	Buildings and land	\$8,327,074	\$17,307,416	Evaluation based on the lower of cost and net realizable value
Construction-in-progress		25,102,298	65,523,224	Evaluation based on the lower of cost and net realizable value
Buildings and land held for sale		4,567,716	5,729,660	Please refer to Statement 5.1.
Subtotal		37,997,088	88,560,300	Evaluation based on the lower of cost and net realizable value
Prepayment for land purchases		1,183,889	1,183,889	It is presented at cost; however, the Company's building prices for sale are greater than the estimated costs of buildings and land.
Net		<u>\$39,180,977</u>	<u>\$89,744,189</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

5.1. Statement of Inventories — Construction in Progress—Buildings and Land

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Project name	Beginning Balance as of January 1, 2023	Addition Cost of Construction	Reduction (Transfer to Building and land held for sale)	Ending balance as of December 31, 2023	Note
Taoyuan City Central Road Section 2	\$2,028,516	\$418,121	\$-	\$2,446,637	
Liberty Stationery Corp	2,337,425	790,440	-	3,127,865	
Cathay Xi Jing	1,238,975	292,562	-	1,531,537	
Cathay Shi Mei	1,357,863	139,131	-	1,496,994	
Cathay Su	7,008	1,335,605	-	1,342,613	
Cathay THE PARK	1,696,514	317,794	-	2,014,308	
Cathay MOST+	2,342,925	601,920	-	2,944,845	
Cathay Sen Lin Hui	20,881	1,279,927	-	1,300,808	
Cathay Yi He	1,194,124	248,494	-	1,442,618	
Cathay Feng He	1,106,983	293,636	1,400,619	-	
Cathay Feng Shuo	2,311,933	497,399	2,809,332	-	
Cathay Chuan Qing	1,389,095	614,767	2,003,862	-	
Cathay Huai Wei Feng Nian	994,134	741,133	1,735,267	-	
Others	3,599,593	3,854,480	-	7,454,073	
Total	<u>\$21,625,969</u>	<u>\$11,425,409</u>	<u>\$7,949,080</u>	<u>\$25,102,298</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

6. Statement of changes in Financial Asset Measured at Fair Value through Other Comprehensive Income - Non-Current

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Beginning Balance as of January 1, 2023		Addition		Disposal		Unrealized evaluation gains and losses	Ending balance as of December 31, 2023		Guarantee or pledged	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Amount	Shares	Fair Value		
Stock											
Gong Cheng Industrial Co., Ltd.	1,580,083	\$-	-	\$-	-	\$-	\$-	1,580,083	\$-	None	
MetroWalk international Co., Ltd.	3,448,276	108,586	-	-	-	-	(29,758)	3,448,276	78,828	"	
Gian Feng Investment Co., Ltd.	2,000,000	25,551	-	-	-	-	(50)	2,000,000	25,501	"	
Budworth Investment Limited	30,314	45	-	-	-	-	-	30,314	45	"	
Nangang International One Co., Ltd.	27,465,000	232,809	-	-	-	-	(54,012)	27,465,000	178,797	"	
Nangang International Two Co., Ltd.	32,460,000	280,663	-	-	-	-	(70,322)	32,460,000	210,341	"	
Total		<u>\$647,654</u>		<u>\$-</u>		<u>\$-</u>	<u>\$(154,142)</u>		<u>\$493,512</u>		

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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, 2023

(Expressed in thousands of New Taiwan Dollars)

Type and Name of the Securities	Beginning Balance as of January 1, 2023			Addition		Disposal		Ending balance as of December 31, 2023			Market Value		Guarantee or pledged	Note
	Shares	Percentage of Ownership (%)	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Unit Price (NTD) (Note 10)	Amount		
Cathay Real Estate Management Co., Ltd.	5,000,000	100.00%	\$129,694	-	\$42,688 (Note 1)	-	\$32,865 (Notes 2 and 5)	5,000,000	100.00%	\$139,517	\$27.90	\$139,517	None	
Cathay Healthcare Management Co., Ltd.	46,750,000	85.00%	620,212	-	130,724 (Notes 1 and 5)	-	103,364 (Note 2)	46,750,000	85.00%	647,572	13.85	647,572	None	
Cathay Hospitality Management Co., Ltd.	50,000,000	100.00%	94,135	-	-	25,000,000	30,377 (Notes 1 and 6)	25,000,000	100.00%	63,758	1.32	63,758	None	
Cathay Hospitality Consulting Co., Ltd.	60,000,000	100.00%	160,739	-	-	-	32,298 (Note 1)	60,000,000	100.00%	128,441	1.25	128,441	None	
Cymbal Medical Network Co., Ltd.	35,000,000	100.00%	247,719	-	-	-	75,346 (Note 1)	35,000,000	100.00%	172,373	4.92	172,373	None	
Lin Yuan Property Management Co., Ltd.	1,530,000	51.00%	60,421	-	46,180 (Note 1)	-	32,744 (Notes 2 and 5)	1,530,000	51.00%	73,857	48.25	73,857	None	
Jinhua Realty Co., Ltd.	40,800,000	51.00%	338,639	-	-	-	1,612 (Note 1)	40,800,000	51.00%	337,027	9.00	337,027	None	
Bannan Realty Co., Ltd.	58,650,000	51.00%	578,138	-	-	-	2,594 (Note 1)	58,650,000	51.00%	575,544	9.81	575,544	None	
Sanchong Realty Co., Ltd.	171,600,000	66.00%	1,651,771	11,880,000	118,800 (Note 4)	-	8,632 (Note 1)	183,480,000	66.00%	1,761,939	10.60	1,761,939	None	
Zhulun Realty Co., Ltd.	20,400,000	51.00%	200,286	-	-	-	3,333 (Note 1)	20,400,000	51.00%	196,953	9.65	196,953	None	
San Ching Engineering Co., Ltd.	120,000,000	100.00%	2,759,891	-	646,864 (Notes 1, 3, 5, 7 and 9)	-	428,358 (Notes 2, 6 and 8)	120,000,000	100.00%	2,978,397	25.79	2,978,397	None	
Symphox information Co., Ltd.	5,489,000	11.00%	63,587	-	64,414 (Notes 1, 3, 5, 7 and 9)	-	32,507 (Notes 6 and 8)	5,489,000	11.00%	95,494	14.73	95,494	None	
San Hsiung Fongshan LaLaport Co., Ltd.	150,000,000	30.00%	152,620	54,000,000	54,000 (Note 4)	-	30,268 (Note 1)	204,000,000	30.00%	176,352	1.17	176,352	None	
Total			<u>\$7,057,852</u>		<u>\$1,103,670</u>		<u>\$814,298</u>			<u>\$7,347,224</u>		<u>\$7,347,224</u>		

NOTE 1 : Share of profit or loss of subsidiaries, associates and joint ventures and profit or loss from IFRS 16.

NOTE 2 : Cash dividend from Investee.

NOTE 3 : Recognition of cumulative translation adjustment of Investee.

NOTE 4 : Increase of the investment in the current period.

NOTE 5 : Remeasurements of defined benefit plans.

NOTE 6 : Adjustment of unrealized gain or loss on financial instrument

NOTE 7 : Revaluation surplus of properties of investees.

NOTE 8 : Adjustments of changes of investees.

NOTE 9: Additional paid-in capital on investee company.

NOTE 10: The par value per share of all investments under equity method are NT\$10, except for San Hsiung Fongshan LaLaport Co., Ltd. with NT\$1 per share.

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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, 2023

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

9. Statement of Changes in Accumulated Depreciation of Right-of-use Assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

[illegible]

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

10. Statement of Other Non-Current Assets

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Guarantee deposits paid			
<u>Third parties</u>			
Muzha	Deposit	\$98,170	
Beitou Daye Rd	Deposit	172,209	
Co-construction Project of Cathay ChuanQing	Deposit	44,860	
Dunnan Lin Yuan	Deposit	59,844	
Beitou Cathay Yong-cui	Deposit	74,710	
Sanchong	Deposit	55,260	
Other		124,683	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		629,736	
<u>Related parties</u>			
Other	Deposit of Rent and construction	12,414	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		12,414	
Total		642,150	
Land held for construction site	The farm required in the name of third party	18,425	
Prepaid equipment		185,639	
Other non-current assets		16,264	
Total		\$862,478	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

11. Statement of Short-Term Loans

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Type	Bank	Ending balance as of December 31, 2023	Period	Interest rate	Limited	Guarantee or pledged	Notes
Unsecured bank loans	First Bank	\$1,575,000	Aug. 2023 to Aug. 2024	1.76%~2.30%	\$1,579,000	None	Association guarantor is the Chairman of the Company
	Hua Nan Bank	500,000	Dec. 2023 to Mar. 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Mega Bank	300,000	Dec. 2023 to Mar. 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Mizuho Bank	1,450,000	Aug. 2023 to Jun. 2024	1.76%~2.30%	1,450,000	None	Association guarantor is the Chairman of the Company
	Agricultural Bank of Taiwan	500,000	May 2023 to May 2024	1.76%~2.30%	500,000	None	Association guarantor is the Chairman of the Company
	Bank of China	1,500,000	Aug. 2023 to Jan. 2024	1.76%~2.30%	1,500,000	None	Association guarantor is the Chairman of the Company
	Chang Hwa Commercial Bank	1,000,000	May 2023 to Dec. 2024	1.76%~2.30%	1,000,000	None	Association guarantor is the Chairman of the Company
	DBS Bank	1,200,000	Dec. 2023 to Nov. 2024	1.76%~2.30%	1,200,000	None	Association guarantor is the Chairman of the Company
	Taishin International Bank	1,000,000	Oct. 2023 to Apr. 2024	1.76%~2.30%	1,000,000	None	Association guarantor is the Chairman of the Company
	Subtotal	9,025,000					
Secured bank loans	Cathay United Bank	800,000	Oct. 2023 to Mar. 2024	1.76%~2.30%	3,718,310	Investment property	Association guarantor is the Chairman of the Company
	Total	\$9,825,000					

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

12. Statement of Short-Term Notes Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Bank	Period	Interest rate	Amount			Note
				Issued amount	unamortized discount	Book value	
Short-term notes	The Shanghai Commercial & Savings Bank	Sep. 2023 to Mar. 2024	1.60%~1.94%	\$500,000	\$1,470	\$498,530	
		Mega Bills					
		Dec. 2023 to Jan. 2024	1.60%~1.94%	1,000,000	426	999,574	
		Total		<u>\$1,500,000</u>	<u>\$1,896</u>	<u>\$1,498,104</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

13. Statement of Contract Liabilities-Current

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Advance Real Estate Receipts			
Cathay Feng Shuo		\$337,139	
Cathay Chuan Qing		384,918	
Cathay Yong Cui		491,360	
Cathay He He		349,471	
Cathay Shi Mei		373,727	
Cathay You Yong		344,425	
Cathay Huai Wei Feng Nian		353,922	
Dunnan Lin Yuan		684,459	
Cathay THE PARK		512,543	
Cathay MOST+		515,571	
Cathay Pan Yun		422,868	
Cathay Yi He		449,331	
Others	Advance real estate receipts and rent	983,014	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u>\$6,202,748</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

14. Statement of Notes Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Shin Nan Natural Gas CO., Ltd	Gas construction of Cathay Panyun	\$4,725	The amount of individual item in others does not exceed 5% of the account balance.
○○, Kuo	Payment to landowners	1,100	
Other		2,814	
Total		<u>\$8,639</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

15. Statement of Accounts Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
<u>Transaction with third parties</u>			
Cathay Feng Ge	Final cost payable	\$54,015	
Cathay Feng He	Final cost payable	91,546	
Cathay Feng Shuo	Final cost payable	135,532	
Cathay Chuan Qing	Final cost payable	189,125	
Cathay Huai Wei Feng Nian	Final cost payable	195,214	
Other		340,154	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,005,586</u>	
<u>Transaction with related parties</u>			
San Ching Engineering Co., Ltd.	Final cost payable and payables for warranty	1,373,956	
Other		1,448	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		<u>1,375,404</u>	
Total		<u><u>\$2,380,990</u></u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

16. Statement of Other Payable

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Payroll and bonus payable		\$74,025	The amount of individual item in others does not exceed 5% of the account balance.
Dividend payable		34,762	
Dividend refundable		27,168	
Interest payable		26,634	
Tax payable		28,016	
Other		20,097	
Total		<u>\$210,702</u>	

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

17. Statement of Lease Liabilities

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Rental Period	Discount Rate	Ending balance as of December 31, 2023	Note
Land	Advertising land	Mar. 2021 to Jul. 2025	1.47%~1.85%	\$6,546	
Building	Office building	Jul. 2023 to Jun. 2025	2.41%	25,088	
Total				<u>\$31,634</u>	
Current				<u>\$20,968</u>	
Non-current				<u>10,666</u>	
Total				<u>\$31,634</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

18. Statement of Long-Term Loans

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Interest Rate	Guarantee or pledged	Notes
Taishin International Bank		\$1,967,000	Oct. 2023 to May 2025	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Hua Nan Bank		6,250,000	Aug. 2021 to Jul. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Mega Bank		629,550	Nov. 2021 to Jul. 2027	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Chang Hwa Commercial Bank		2,150,000	Nov. 2021 to Sep. 2025	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Far Eastern International Bank		2,224,000	Aug. 2022 to Aug. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
Shanghai Commercial & Savings Bank		2,999,691	Oct. 2023 to Feb. 2026	1.41%~2.18%	None	Association guarantor is the Chairman of the Company
KGI Bank		2,540,000	Nov. 2023 to Jun. 2024	2.30%	Investment property	Association guarantor is the Chairman of the Company
DBS Bank		1,200,000	Nov. 2023 to Aug. 2026	2.30%	Inventory-construction land	Association guarantor is the Chairman of the Company
Subtotal		19,960,241				
Less : current portion		(7,580,000)				
Total		<u>\$12,380,241</u>				

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

19. Statement of Other Non-Current Liabilities

As of December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Net defined benefit liability		\$65,688	
Guarantee deposits received			
<u>Third parties</u>			
KKCompany Technologies Pte. Ltd., Taiwan Branch (Singapore)	Housing deposit	12,634	
Home Media Group Ltd.	Housing deposit	12,237	
Cite Publishing Limited	Housing deposit	11,253	
Other	Housing deposit	84,227	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		120,351	
<u>Related parties</u>			
Other	Housing deposit	6,323	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		6,323	
Total		126,674	
	Deferred credits- unrealized gains on inter-affiliate accounts	13,211	
		\$205,573	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

20. Statement of Operating Revenues

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Rental Income		\$375,147	
Land Income		4,795,339	
Building Income		1,658,674	
Total		<u>\$6,829,160</u>	

English Translation of Financial Statements Originally Issued in Chinese

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

21. Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Lease costs		\$332,517	
Land costs		2,565,339	
Building costs		1,640,254	
Total		<u>\$4,538,110</u>	

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CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

22. Statement of Operating Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Selling expenses	Advertising etc.	\$230,066	The amount of individual item in others does not exceed 5% of the account balance.
Salary and wages		182,820	
Taxes		73,758	
Other expenses		121,235	
Total		<u>\$607,879</u>	