

**Cathay Real Estate Development Co., Ltd.
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| Table of Content | Page No. | Note Ref. |
|---|-----------------|------------------|
| Cover | 1 | - |
| Table of Content | 2 | - |
| Declaration of Consolidation of Financial Statements of Affiliates | 3 | - |
| Independent Auditors' Report | 4-8 | - |
| Consolidated Balance Sheets | 9 | - |
| Consolidated Statements of Comprehensive Income | 10-11 | - |
| Consolidated Statements of Changes in Equity | 12 | - |
| Consolidated Statements of Cash Flows | 13-14 | - |
| Notes to Consolidated Financial Statements: | | |
| 1. General information | 15 | 1 |
| 2. Approval of financial statements | 15 | 2 |
| 3. Applications of new, amended and revised standards and interpretations | 15-17 | 3 |
| 4. Summary of material accounting policy information | 17-28 | 4 |
| 5. Material accounting judgements and key sources of estimation uncertainty | 28-29 | 5 |
| 6. Contents of significant accounts | 29-59 | 6-24 |
| 7. Transactions with related parties | 60-65 | 25 |
| 8. Assets pledged as collateral or for security | 66 | 26 |
| 9. Significant contingent liabilities and unrecognized commitments | 66 | 27 |
| 10. Losses due to major disasters | - | - |
| 11. Significant subsequent events | - | - |
| 12. Other disclosures | - | - |
| 13. Separately disclosed items | 67-73 | 29 |
| a. Information about significant transactions | | |
| b. Information on investees | | |
| 14. Segment information | 66-67 | 28 |

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, Cathay Real Estate Development Co., Ltd. and its Subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATHAY REAL ESTATE DEVELOPMENT CO., LTD.

By:

CHING-KUEI CHANG
Chairman

March 12, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cathay Real Estate Development Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Cathay Real Estate Development Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Valuation of Construction Land

The Group is engaged in property development and real estate transactions. The net realizable value of construction land may be affected by fluctuations in real estate market prices. Construction land is measured at the lower of cost or net realizable value, and the assessment of the net realizable value of construction land is based on the significant judgment of the management and accounting estimates. Therefore, we consider the valuation of construction land as a key audit matter for the year ended December 31, 2025. For the relevant accounting policies, accounting estimates, assumptions, uncertainties and note disclosures, please refer to Notes 4, 5 and 9 of the consolidated financial statements.

Our audit procedures for the abovementioned key audit matters included the following:

1. We obtained and assessed the reasonableness of the valuation methodology and data used by the management when evaluating construction land.
2. We sampled and evaluated the reasonableness of the net realizable value assessment results of construction land as of the balance sheet date and confirmed that the construction land was measured at the lower of cost and net realizable value.

Recognition of Construction Revenue

The Company's subsidiary engages in construction contracting activities, and its revenue is recognized based on the estimated percentage of completion and the total price of the construction contract. The calculation of the percentage of completion is considered complex due to the internal and external information used in the calculation and the management's estimation. Therefore, we considered the accuracy of construction revenue a key audit matter for the year ended December 31, 2025. For the relevant accounting policies, accounting estimates, assumptions, uncertainties and note disclosures, please refer to Notes 4, 5 and 19 of the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls related to the estimation of the percentage of completion and the accuracy of construction revenue recognized.
2. We evaluated and confirmed that the accounting policies on the estimation of the percentage of completion were consistently applied.
3. We performed tests of the details of on-going construction contracts at the end of the year and confirmed the accuracy of construction revenue recognized.

Other Matter

Among the investments accounted for using the equity method included in the Group's consolidated financial statements, we did not audit the financial statements for the year ended December 31, 2025 of Symphox Information Co., Ltd., San Hsiung Fongshan LaLaport Co., Ltd. and Xiangyang Realty Co., Ltd., and the financial statements for the year ended December 31, 2024 of Symphox Information Co., Ltd. and San Hsiung Fongshan LaLaport Co., Ltd. Therefore, in our expression of an opinion on the Group's consolidated financial statements, those investments and share of profits are based on the audit report of other accountants. The investments accounted for using the equity method audited by other accountants as of December 31, 2025 and 2024 amounted to NT\$709,926 thousand and NT\$591,938 thousand, respectively, representing 0.78% and 0.66% of total consolidated assets, respectively. For the years ended December 31, 2025 and 2024, the Group recognized shares of profits or losses from these investees amounted to NT\$(4,571) thousand and NT\$(80,545) thousand, respectively, representing (0.12%) and (3.89%), of the profit before income tax, respectively.

We have also audited the parent company only financial statements of Cathay Real Estate Development Co., Ltd. as of and for the years ended December 31, 2025 and 2024, on which we have both issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| ASSETS | 2025 | | 2024 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4, 6 and 25) | \$ 6,302,998 | 7 | \$ 6,775,388 | 8 |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 7 and 26) | 4,481,154 | 5 | 4,037,768 | 5 |
| Contract assets - current (Note 19) | 66,256 | - | 22,249 | - |
| Notes receivable, net (Notes 4, 8 and 19) | 6,450 | - | 3,757 | - |
| Accounts receivable, net (Notes 4, 8 and 19) | 938,342 | 1 | 1,027,787 | 1 |
| Accounts receivable from related parties, net (Notes 4, 19 and 25) | 102,673 | - | 20,743 | - |
| Other receivables | 19,066 | - | 218,121 | - |
| Current tax assets (Notes 4 and 21) | 3,006 | - | 2,148 | - |
| Inventories (Notes 4, 5, 9 and 26) | 50,981,825 | 56 | 49,511,444 | 55 |
| Prepayments | 497,682 | 1 | 445,207 | 1 |
| Other current assets (Note 25) | 1,068,513 | 1 | 213,885 | - |
| Incremental costs of obtaining contracts - current (Notes 4 and 19) | 2,019,817 | 2 | 1,880,371 | 2 |
| Total current assets | <u>66,487,782</u> | <u>73</u> | <u>64,158,868</u> | <u>72</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7) | 419,133 | 1 | 498,270 | 1 |
| Investments accounted for using equity method (Notes 4 and 11) | 2,117,134 | 2 | 2,025,741 | 2 |
| Property, plant and equipment (Notes 4, 12 and 20) | 3,970,396 | 4 | 4,358,546 | 5 |
| Right-of-use assets (Notes 4, 13, 20 and 25) | 3,640,614 | 4 | 4,038,435 | 4 |
| Investment property, net (Notes 4, 14, 20 and 26) | 12,284,338 | 14 | 12,591,682 | 14 |
| Intangible assets (Notes 4 and 20) | 67,633 | - | 54,158 | - |
| Deferred tax assets (Notes 4 and 21) | 591,989 | 1 | 498,996 | 1 |
| Other non-current assets (Notes 15, 25 and 26) | 1,311,735 | 1 | 1,184,267 | 1 |
| Total non-current assets | <u>24,402,972</u> | <u>27</u> | <u>25,250,095</u> | <u>28</u> |
| TOTAL | <u>\$ 90,890,754</u> | <u>100</u> | <u>\$ 89,408,963</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4, 16 and 25) | \$ 13,931,000 | 15 | \$ 13,216,400 | 15 |
| Short-term bills payable (Notes 4 and 16) | 2,462,774 | 3 | 838,539 | 1 |
| Contract liabilities - current (Notes 4 and 19) | 14,688,016 | 16 | 12,473,835 | 14 |
| Notes payable | 18,894 | - | 98,300 | - |
| Accounts payable | 2,690,368 | 3 | 2,145,395 | 2 |
| Accounts payables to related parties (Note 25) | 3,109 | - | 4,577 | - |
| Other payables | 1,117,820 | 1 | 994,131 | 1 |
| Current tax liabilities (Notes 4 and 21) | 429,247 | 1 | 130,547 | - |
| Lease liabilities - current (Notes 4, 13 and 25) | 467,949 | 1 | 428,876 | 1 |
| Current portion of long-term borrowings (Notes 4 and 16) | 6,677,301 | 7 | 10,347,531 | 12 |
| Other current liabilities | 283,413 | - | 292,486 | - |
| Total current liabilities | <u>42,769,891</u> | <u>47</u> | <u>40,970,617</u> | <u>46</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 4 and 16) | 10,192,779 | 11 | 12,375,567 | 14 |
| Deferred tax liabilities (Notes 4 and 21) | 46,517 | - | 43,798 | - |
| Lease liabilities - non-current (Notes 4, 13 and 25) | 4,776,463 | 6 | 5,277,143 | 6 |
| Other non-current liabilities (Notes 17 and 25) | 228,469 | - | 234,389 | - |
| Total non-current liabilities | <u>15,244,228</u> | <u>17</u> | <u>17,930,897</u> | <u>20</u> |
| Total liabilities | <u>58,014,119</u> | <u>64</u> | <u>58,901,514</u> | <u>66</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 18) | | | | |
| Ordinary shares | 11,595,611 | 13 | 11,595,611 | 13 |
| Capital surplus | 170,920 | - | 182,880 | - |
| Retained earnings | | | | |
| Legal reserve | 5,207,642 | 6 | 5,033,776 | 6 |
| Special reserve | 504,189 | 1 | 504,189 | 1 |
| Unappropriated earnings | 11,117,245 | 12 | 9,201,124 | 10 |
| Total retained earnings | 16,829,076 | 19 | 14,739,089 | 17 |
| Other equity | 2,102,827 | 2 | 1,746,045 | 2 |
| Total equity attributable to owners of the Company | 30,698,434 | 34 | 28,263,625 | 32 |
| NON-CONTROLLING INTERESTS (Note 18) | 2,178,201 | 2 | 2,243,824 | 2 |
| Total equity | <u>32,876,635</u> | <u>36</u> | <u>30,507,449</u> | <u>34</u> |
| TOTAL | <u>\$ 90,890,754</u> | <u>100</u> | <u>\$ 89,408,963</u> | <u>100</u> |

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

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

| | 2025 | | 2024 | |
|--|---------------------|-------------|---------------------|-------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 5, 19 and 25) | \$ 24,289,234 | 100 | \$ 23,858,689 | 100 |
| OPERATING COSTS (Notes 4, 9, 20 and 25) | <u>(17,546,811)</u> | <u>(72)</u> | <u>(18,728,117)</u> | <u>(79)</u> |
| GROSS PROFIT | <u>6,742,423</u> | <u>28</u> | <u>5,130,572</u> | <u>21</u> |
| OPERATING EXPENSES (Notes 4, 20 and 25) | | | | |
| General and administrative expenses | 2,584,493 | 11 | 2,688,241 | 11 |
| Expected credit loss (Note 8) | <u>14,529</u> | <u>-</u> | <u>8,543</u> | <u>-</u> |
| Total operating expenses | <u>2,599,022</u> | <u>11</u> | <u>2,696,784</u> | <u>11</u> |
| PROFIT FROM OPERATIONS | <u>4,143,401</u> | <u>17</u> | <u>2,433,788</u> | <u>10</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other gains and losses (Notes 4 and 20) | (197,257) | (1) | (88,613) | - |
| Finance costs (Notes 4, 20 and 25) | (450,009) | (2) | (493,991) | (2) |
| Share of profit or loss of associates and joint ventures (Notes 4 and 11) | 59,708 | - | (16,023) | - |
| Interest income (Notes 4, 20 and 25) | 59,975 | - | 48,821 | - |
| Dividend income | 213,123 | 1 | 132,477 | 1 |
| Other income, net (Note 25) | <u>89,661</u> | <u>1</u> | <u>55,720</u> | <u>-</u> |
| Total non-operating income and expenses | <u>(224,799)</u> | <u>(1)</u> | <u>(361,609)</u> | <u>(1)</u> |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 3,918,602 | 16 | 2,072,179 | 9 |
| INCOME TAX EXPENSE (Notes 4 and 21) | <u>(615,871)</u> | <u>(2)</u> | <u>(539,949)</u> | <u>(2)</u> |
| NET PROFIT FOR THE YEAR | <u>3,302,731</u> | <u>14</u> | <u>1,532,230</u> | <u>7</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 17) | 4,561 | - | 28,253 | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 18) | 364,249 | 1 | 1,441,617 | 6 |

(Continued)

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

| | 2025 | | 2024 | |
|---|---------------------|-----------|---------------------|-----------|
| | Amount | % | Amount | % |
| Share of the other comprehensive income of associates and joint ventures accounted for using equity method (Notes 4, 11 and 18) | \$ (8,005) | - | \$ 9,045 | - |
| Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 21) | (912) | - | (5,651) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive income of associates and joint ventures accounted for using equity method (Notes 4, 11 and 18) | <u>(445)</u> | <u>-</u> | <u>353</u> | <u>-</u> |
| Other comprehensive income for the year, net of income tax | <u>359,448</u> | <u>1</u> | <u>1,473,617</u> | <u>6</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 3,662,179</u> | <u>15</u> | <u>\$ 3,005,847</u> | <u>13</u> |
| NET PROFIT (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 3,282,060 | 14 | \$ 1,577,400 | 6 |
| Non-controlling interests (Note 18) | <u>20,671</u> | <u>-</u> | <u>(45,170)</u> | <u>-</u> |
| | <u>\$ 3,302,731</u> | <u>14</u> | <u>\$ 1,532,230</u> | <u>6</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 3,638,842 | 15 | \$ 3,049,367 | 13 |
| Non-controlling interests (Note 18) | <u>23,337</u> | <u>-</u> | <u>(43,520)</u> | <u>-</u> |
| | <u>\$ 3,662,179</u> | <u>15</u> | <u>\$ 3,005,847</u> | <u>13</u> |
| EARNINGS PER SHARE (Note 22) | | | | |
| Basic | <u>\$ 2.83</u> | | <u>\$ 1.36</u> | |
| Diluted | <u>\$ 2.83</u> | | <u>\$ 1.36</u> | |

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

(Concluded)

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Company | | | | | | | Other Equity | | | | | Non-controlling Interests | Total Equity |
|--|--|-----------------|-------------------|-----------------|-------------------------|---------------|---|---|---|-----------------------------|-------------------------------------|---------------|---------------------------|---------------|
| | Share Capital | Capital Surplus | Retained Earnings | | | Total | Exchange Differences on Translation of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Remeasurements of Defined Benefit Plans | Loss on Hedging Instruments | Gain (Loss) on Property Revaluation | Total | | |
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | | | | | | |
| BALANCE AT JANUARY 1, 2024 | \$ 11,595,611 | \$ 118,406 | \$ 4,831,727 | \$ 504,189 | \$ 8,824,081 | \$ 14,159,997 | \$ 513 | \$ 430,854 | \$ 258 | \$ - | \$ 3,706 | \$ 26,309,345 | \$ 2,222,905 | \$ 28,532,250 |
| Appropriation of 2023 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | 202,049 | - | (202,049) | - | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary shares | - | - | - | - | (1,159,561) | (1,159,561) | - | - | - | - | - | (1,159,561) | - | (1,159,561) |
| Change in equity of associates and joint ventures | - | 62,619 | - | - | - | - | - | - | - | - | - | 62,619 | - | 62,619 |
| Other changes in capital surplus | - | 1,855 | - | - | - | - | - | - | - | - | - | 1,855 | - | 1,855 |
| Net profit for the year ended December 31, 2024 | - | - | - | - | 1,577,400 | 1,577,400 | - | - | - | - | - | 1,577,400 | (45,170) | 1,532,230 |
| Other comprehensive income for the year ended December 31, 2024 | - | - | - | - | - | - | 393 | 1,455,008 | 20,312 | (40) | (3,706) | 1,471,967 | 1,650 | 1,473,617 |
| Total comprehensive income for the year ended December 31, 2024 | - | - | - | - | 1,577,400 | 1,577,400 | 393 | 1,455,008 | 20,312 | (40) | (3,706) | 3,049,367 | (43,520) | 3,005,847 |
| Increase in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 64,439 | 64,439 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 161,253 | 161,253 | - | (161,253) | - | - | - | - | - | - |
| BALANCE AT DECEMBER 31, 2024 | 11,595,611 | 182,880 | 5,033,776 | 504,189 | 9,201,124 | 14,739,089 | 906 | 1,724,609 | 20,570 | (40) | - | 28,263,625 | 2,243,824 | 30,507,449 |
| Appropriation of 2024 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | 173,866 | - | (173,866) | - | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary shares | - | - | - | - | (1,159,561) | (1,159,561) | - | - | - | - | - | (1,159,561) | - | (1,159,561) |
| Change in equity of associates and joint ventures | - | (16,283) | - | - | (32,512) | (32,512) | - | - | - | - | - | (48,795) | - | (48,795) |
| Other changes in capital surplus | - | 4,323 | - | - | - | - | - | - | - | - | - | 4,323 | - | 4,323 |
| Net profit for the year ended December 31, 2025 | - | - | - | - | 3,282,060 | 3,282,060 | - | - | - | - | - | 3,282,060 | 20,671 | 3,302,731 |
| Other comprehensive income for the year ended December 31, 2025 | - | - | - | - | - | - | (153) | 356,002 | 1,225 | (292) | - | 356,782 | 2,666 | 359,448 |
| Total comprehensive income for the year ended December 31, 2025 | - | - | - | - | 3,282,060 | 3,282,060 | (153) | 356,002 | 1,225 | (292) | - | 3,638,842 | 23,337 | 3,662,179 |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (88,960) | (88,960) |
| BALANCE AT DECEMBER 31, 2025 | \$ 11,595,611 | \$ 170,920 | \$ 5,207,642 | \$ 504,189 | \$ 11,117,245 | \$ 16,829,076 | \$ 753 | \$ 2,080,611 | \$ 21,795 | \$ (332) | \$ - | \$ 30,698,434 | \$ 2,178,201 | \$ 32,876,635 |

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

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 3,918,602 | \$ 2,072,179 |
| Adjustments for: | | |
| Depreciation expense | 1,115,172 | 1,096,440 |
| Amortization expense | 23,410 | 18,669 |
| Expected credit loss | 14,529 | 8,543 |
| Interest expense | 450,009 | 493,991 |
| Interest income | (59,975) | (48,821) |
| Dividend income | (213,123) | (132,477) |
| Share of (profit) loss of associates and joint ventures | (59,708) | 16,023 |
| Loss (gain) on disposal of property, plant and equipment, net | 100,065 | (34,809) |
| Loss on disposal of investment property | 684 | 16,244 |
| Loss on disposal of intangible assets | 4,218 | - |
| Gain on lease modification | (3,228) | - |
| Impairment loss recognized on financial assets | 21,570 | 32,750 |
| Impairment loss recognized on non-financial assets | 51,137 | - |
| Changes in operating assets and liabilities | | |
| Contract assets | (44,007) | 149,174 |
| Notes receivable | (2,693) | 18,712 |
| Accounts receivable | 74,916 | 244,934 |
| Accounts receivable from related parties | (81,930) | (6,590) |
| Other receivables | (2,574) | 11,726 |
| Inventories | (978,661) | (4,077,273) |
| Prepayments | (90,475) | (79,427) |
| Other current assets | (852,806) | (143,907) |
| Incremental costs of obtaining contracts | (139,446) | (474,307) |
| Other operating assets | 215,381 | (122,271) |
| Contract liabilities | 2,214,181 | 4,877,680 |
| Notes payable | (79,406) | 75,123 |
| Accounts payable | 544,973 | 28,785 |
| Accounts payable to related parties | (1,468) | 1,296 |
| Other payables | 197,514 | 55,361 |
| Other current liabilities | (9,073) | 102,279 |
| Cash generated from operations | 6,327,788 | 4,200,027 |
| Interest received | 59,985 | 48,958 |
| Income tax paid | (409,215) | (722,393) |
| Net cash generated from operating activities | 5,978,558 | 3,526,592 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 180,049 | 157,396 |
| Acquisition of investments accounted for using equity method | (147,000) | - |
| Increase in prepayments for investments | (400,000) | - |
| Payments for property, plant and equipment | (143,949) | (252,391) |

(Continued)

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|---|----------------------------|----------------------------|
| Proceeds from disposal of property, plant and equipment | \$ 7,479 | \$ 79,089 |
| Payments for intangible assets | (38,991) | (19,734) |
| Decrease in other non-current assets | 113,167 | 207,173 |
| Dividends received | <u>271,193</u> | <u>196,046</u> |
| Net cash (used in) generated from investing activities | <u>(158,052)</u> | <u>367,579</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 714,600 | 2,749,800 |
| Increase (decrease) in short-term bills payable | 1,624,235 | (1,740,795) |
| Proceeds from long-term borrowings | 6,531,873 | 7,043,674 |
| Repayments of long-term borrowings | (12,440,000) | (7,691,691) |
| Repayments of the principal portion of lease liabilities | (463,434) | (439,593) |
| (Decrease) increase in other non-current liabilities | (1,359) | 18,678 |
| Distribution of cash dividends | (1,152,274) | (1,159,561) |
| Interest paid | (1,014,531) | (1,021,758) |
| Changes in non-controlling interests | (88,960) | 64,439 |
| Other financing activities | <u>(3,046)</u> | <u>(9,568)</u> |
| Net cash used in financing activities | <u>(6,292,896)</u> | <u>(2,186,375)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (472,390) | 1,707,796 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>6,775,388</u> | <u>5,067,592</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 6,302,998</u> | <u>\$ 6,775,388</u> |

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

(Concluded)

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

The Company has been listed and traded on Taiwan Stock Exchange (TWSE) since October 1967.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 12, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS accounting standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS accounting standards endorsed by the FSC for application starting from 2026

| New, Amended or Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17) | January 1, 2023 |

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s consolidated financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| <u>New, Amended or Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note 1)</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 (Note 2) |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19) | January 1, 2027 |
| Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency” | January 1, 2027 |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS accounting standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value, and net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this attribution results in the non-controlling interests having a deficit balance.

See Note 10 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the consolidated financial statements, the financial statements of the Group's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies that differ from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary in which the Company retains control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of construction land, real estate under construction, and real estate held for sale and are measured at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the specific identification of cost on the balance sheet date.

The Group recognizes inventories at acquisition cost. The cost of constructing buildings is included in real estate under construction. When revenue from the sale of this real estate is recognized, the cost is transferred to the operating cost of the period. Real estate that are completed but not yet sold are classified as real estate held for sale. Construction land is reclassified as real estate under construction once active development begins, and interest costs directly attributable to construction activities are capitalized from the period of active development or construction until completion.

For a contract under which a landowner provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, no exchange gain or loss is recognized if the buildings acquired are classified as properties held for sale. Revenue is recognized when the properties held for sale are sold to third parties.

g. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription for the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. 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 Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate and joint venture, profits and losses resulting from these transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to right-of-use assets, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

For a transfer of classification from inventories to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the commencement of an operating lease.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Assets related to contract costs

When a sales contract is obtained, commissions paid to those who sold the property and selling service fees paid to agents under exclusive sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent of the expected recoverable costs and are recognized in profit or loss when the property is transferred to the customers.

l. Impairment of property, plant and equipment, investment properties, right-of-use assets, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits and with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. If, on the other hand, the credit risk on a financial instrument has increased significantly since initial recognition, a loss allowance is recognized based on lifetime ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of real estate

The Group engages with contractors for real estate construction and sales service. Revenue is recognized when the legal ownership of the real estate is transferred to the customer and the real estate is physically handed over to the customer.

For properties sold under contracts in the normal course of business, the fixed transaction price is received in installments, and the payments received are initially recognized as a contract liability. The transaction price, after adjusting for the effect of a significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

2) Construction contract revenue

The Group recognizes revenue from real estate construction contracts over time as construction progresses. The Group measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts. Contract assets are recognized during the construction, reflecting the value of work performed but not yet invoiced or billed. When the customer is invoiced, the contract assets are reclassified to trade receivables. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations in a satisfactory manner. These retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation, but only if the recovery of these costs is expected.

3) Revenue from the sales of goods

The Group recognizes revenue from the sales of goods when the goods are delivered to the customer's specific location, and the performance obligation is satisfied because the customer has obtained control over the promised goods.

Due to the short-term nature of the receivables from the sale of goods with the immaterial discounted effect, the Group measures them at their original invoice amounts without discounting.

4) Revenue from the rendering of services

The Group primarily provides services such as management consulting, accommodation, and food and beverage. As customers simultaneously receive and consume the benefits of the performance obligation, the related revenue is recognized when services are provided.

o. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to percentage of work completed at the end of the reporting period, which is measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. But if the specific stage of completion is not representative of the overall progress on a contract, it should not be used for revenue recognition. When there is a revision or a loss claim on the construction work, the construction revenue is recognized only to the extent that the estimation of the final outcome of the contract is reliable and the collection is highly probable.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus the recognized profit less the recognized losses exceed progress billings, the surplus is shown as a gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus the recognized profits (or less recognized losses), the surplus is shown as a gross amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the consolidated balance sheets under trade receivables.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

a. Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. Accordingly, the Group exercises judgment and estimates to determine the net realizable value of inventories as of the balance sheet date. The Group evaluates the carrying amounts of inventories to reflect reductions for changes in market conditions or items with no marketable value, and writes down the cost of inventories to their net realizable value. Such valuation is primarily based on estimated product demand over specific future periods, which may result in material fluctuations.

b. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

The estimated total contract costs and contractual items are assessed and determined by the management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit or loss on the construction contracts.

6. CASH AND CASH EQUIVALENTS

| | <u>December 31</u> | |
|---------------------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Cash on hand and petty cash | \$ 20,028 | \$ 17,980 |
| Checking accounts and demand deposits | 5,440,343 | 5,779,593 |
| Cash equivalents | | |
| Time deposits | 242,500 | 167,050 |
| Short-term notes | <u>600,127</u> | <u>810,765</u> |
| | <u>\$ 6,302,998</u> | <u>\$ 6,775,388</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | <u>December 31</u> | |
|--------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Current</u> | | |
| Listed shares | <u>\$ 4,481,154</u> | <u>\$ 4,037,768</u> |
| <u>Non-current</u> | | |
| Unlisted shares | <u>\$ 419,133</u> | <u>\$ 498,270</u> |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In December 2024, the Group sold a portion of its holding of ordinary shares in Cathay Financial Holding Co., Ltd. due to its investment strategy. The shares sold had a fair value of \$337,445 thousand and the related unrealized valuation gain of \$161,253 thousand was transferred from other equity to retained earnings.

Dividends of \$213,123 thousand and \$132,477 thousand were recognized in 2025 and 2024, respectively. Those related to investments derecognized during 2025 and 2024 were \$0 thousand and \$9,700 thousand, respectively, and those related to investments held as of December 31, 2025 and 2024 were \$213,123 thousand and \$122,777 thousand, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

| | <u>December 31</u> | |
|---------------------------------------|--------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Notes receivable | \$ 6,450 | \$ 3,757 |
| Less: Allowance for doubtful accounts | <u>-</u> | <u>-</u> |
| | <u>\$ 6,450</u> | <u>\$ 3,757</u> |
| Accounts receivable | \$ 961,528 | \$ 1,036,444 |
| Less: Allowance for doubtful accounts | <u>(23,186)</u> | <u>(8,657)</u> |
| | <u>\$ 938,342</u> | <u>\$ 1,027,787</u> |

The Group's average credit period for receivables is 30 to 365 days. The Group has established a dedicated department to manage receivables, with relevant policies and procedures in place to implement credit verification and quota management to ensure the interests of the Group.

The Group applies the simplified approach under IFRS 9 to recognize the allowance for expected credit losses on receivables based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which considers the customer's past default history, current financial condition, industry economic conditions, as well as GDP forecasts and industry outlooks. Since the Group's historical credit loss experience indicates no significant differences in loss patterns across different customer groups, the provision matrix does not further distinguish customer segments but instead sets expected credit loss rates based on the aging of receivables.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2025

| | Not Past Due | 1 to 90 Days | 91 to 180 Days | 181 to 270 Days | Over 271 Days | Total |
|-------------------------------|---------------------|---------------------|-----------------------|------------------------|----------------------|-------------------|
| Expected credit loss rate | 1.53% | 1.05% | 99.91% | 100% | 100% | |
| Gross carrying amount | \$ 950,081 | \$ 9,345 | \$ 5,351 | \$ 3,051 | \$ 150 | \$ 967,978 |
| Loss allowance (Lifetime ECL) | <u>(14,540)</u> | <u>(98)</u> | <u>(5,347)</u> | <u>(3,051)</u> | <u>(150)</u> | <u>(23,186)</u> |
| Amortized cost | <u>\$ 935,541</u> | <u>\$ 9,247</u> | <u>\$ 4</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 944,792</u> |

December 31, 2024

| | Not Past Due | 1 to 90 Days | 91 to 180 Days | 181 to 270 Days | Over 271 Days | Total |
|-------------------------------|---------------------|------------------|----------------|-----------------|---------------|---------------------|
| Expected credit loss rate | 0.82% | 0.56% | 60.48% | - | - | |
| Gross carrying amount | \$ 1,020,640 | \$ 19,313 | \$ 248 | \$ - | \$ - | \$ 1,040,201 |
| Loss allowance (Lifetime ECL) | <u>(8,398)</u> | <u>(109)</u> | <u>(150)</u> | <u>-</u> | <u>-</u> | <u>(8,657)</u> |
| Amortized cost | <u>\$ 1,012,242</u> | <u>\$ 19,204</u> | <u>\$ 98</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,031,544</u> |

The movements of the loss allowance of trade receivable were as follows:

| | <u>For the Year Ended December 31</u> | |
|-------------------------------------|---------------------------------------|-----------------|
| | <u>2025</u> | <u>2024</u> |
| Balance at January 1 | \$ 8,657 | \$ 114 |
| Net remeasurement of loss allowance | <u>14,529</u> | <u>8,543</u> |
| Balance at December 31 | <u>\$ 23,186</u> | <u>\$ 8,657</u> |

9. INVENTORIES

| | <u>December 31</u> | |
|---------------------------|----------------------|----------------------|
| | <u>2025</u> | <u>2024</u> |
| Construction land | \$ 8,304,358 | \$ 12,687,566 |
| Construction in progress | 35,535,759 | 33,963,553 |
| Real estate held for sale | 7,102,760 | 2,768,903 |
| Other | <u>9,279</u> | <u>7,122</u> |
| | 50,952,156 | 49,427,144 |
| Prepayments for land | <u>29,669</u> | <u>84,300</u> |
| | <u>\$ 50,981,825</u> | <u>\$ 49,511,444</u> |

The Group has entered into trust agreements with Cathay United Bank to manage the funds related to the pre-sale payments made by purchasers for construction projects, which ensures the completion of the construction and transfer of the properties. The trust period, as per the agreement, will extend until the completion of the project, the issuance of the occupancy permit, and the completion of the first property ownership registration.

As of December 31, 2025 and 2024, the Group's funds managed by Cathay United Bank under the aforementioned trust agreements amounted to \$2,773,390 thousand and \$3,197,417 thousand, respectively. Additionally, the funds that belong to the co-developer to be entrusted for the Cathay Yongcui project amounted to \$329,898 thousand and \$299,198 thousand, respectively.

As of December 31, 2025, the Group has registered trust agreements for the following projects: Cathay You Ran, Cathay You Jing, Cathay Yong Cui, Dunnan Lin Yuan, Cathay Min Le, Cathay Xu, Cathay Cheng Zhen, Cathay GRAND PARK, Cathay Sen Lin Hui, Cathay Yang Hui, Cathay Pan Yun, Cathay Yang Mu, Cathay Yi He, Cathay Xi, Cathay Shi Cui, Cathay Yuan Mei, Uni PARK, META PARK, METRO PARK and RiVER PARK. The balance of trust funds for each construction project is consistent with the receivables from the pre-sale property contracts. Furthermore, there have been no delays in transferring the payments from the buyers to the trust.

The operating costs related to inventories are as follows:

| | For the Year Ended December 31 | |
|--------------------|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Construction costs | <u>\$ 9,453,144</u> | <u>\$ 9,541,663</u> |

The construction costs mentioned above for the years ended December 31, 2025 and 2024 include \$0 thousand in inventory write-downs for both years.

Refer to Note 26 for information relating to inventories pledged to secure borrowings.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

| Investor | Investee | Main Business | % of Ownership | | Note | |
|-------------|--|--|---|-------------|--------|------|
| | | | December 31 | | | |
| | | | 2025 | 2024 | | |
| The Company | San-Ching Engineering Co., Ltd. (San-Ching Engineering) | Construction contractor | 100.00 | 100.00 | | |
| | Cathay Real Estate Management Co., Ltd. (Cathay Real Estate Management) | Construction management | 100.00 | 100.00 | | |
| | Cathay Healthcare Management Co., Ltd. (Cathay Healthcare Management) | Consultancy | 85.00 | 85.00 | | |
| | Cathay Hospitality Management Co., Ltd. (Cathay Hospitality Management) | Service industry | 100.00 | 100.00 | | |
| | Cathay Hospitality Consulting Co., Ltd. (Cathay Hospitality Consulting) | Service industry | 100.00 | 100.00 | | |
| | Cymbal Medical Network Co., Ltd. (Cymbal Medical Network) | Wholesale of drugs, medical goods | 100.00 | 100.00 | | |
| | Lin Yuan Property Management Co., Ltd. (Lin Yuan Property) | Apartment building management service industry | 51.00 | 51.00 | | |
| | Jinhua Realty Co., Ltd. (Jinhua Realty) | Residential and building development leasing and sale industry | 51.00 | 51.00 | | |
| | Bannan Realty Co., Ltd. (Bannan Realty) | Residential and building development leasing and sale industry | 51.00 | 51.00 | | |
| | Sanchong Realty Co., Ltd. (Sanchong Realty) | Residential and building development leasing and sale industry | 66.00 | 66.00 | | |
| | Zhulun Realty Co., Ltd. (Zhulun Realty) | Residential and building development leasing and sale industry | 51.00 | 51.00 | | |
| | Cathay Hospitality Consulting Co., Ltd. | Cathay Food & Beverage Group Co., Ltd. (Cathay Food & Beverage) | Service industry | 100.00 | 100.00 | |
| | Cymbal Medical Network Co., Ltd. | Cymder Co., Ltd. (Cymder) | Manpower dispatch and leasing industry | - | 100.00 | Note |
| | Cymlin Co., Ltd. (Cymlin) | Manpower dispatch and leasing industry | 100.00 | 100.00 | | |

Note: To integrate group resources and achieve operating synergies, Cymbal Medical Network Co., Ltd. and Cymder Co., Ltd. were approved to merge by their respective boards of directors in May 2025. The merger became effective on June 1, 2025, with Cymbal Medical Network Co., Ltd. as the surviving company.

The consolidated financial statements of the subsidiaries were based on the subsidiaries' results which have been audited for the same years.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | <u>December 31</u> | |
|-------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Investments in associates | \$ 1,571,442 | \$ 1,581,613 |
| Investments in joint ventures | <u>545,692</u> | <u>444,128</u> |
| | <u>\$ 2,117,134</u> | <u>\$ 2,025,741</u> |

a. Investments in associates

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | 2025 | 2024 |
| Individually insignificant associates | | |
| Cathay Power Inc. | \$ 1,407,208 | \$ 1,433,803 |
| San Hsiung Fongshan LaLaport Co., Ltd. | <u>164,234</u> | <u>147,810</u> |
| | <u>\$ 1,571,442</u> | <u>\$ 1,581,613</u> |

Aggregate information of associates:

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| The Group's share of: | | |
| Net profit for the year | \$ 80,703 | \$ 23,489 |
| Other comprehensive loss | <u>(292)</u> | <u>(3,649)</u> |
| Total comprehensive income | <u>\$ 80,411</u> | <u>\$ 19,840</u> |

b. Investments in joint ventures

| | <u>December 31</u> | |
|-------------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| Symphox Information Co., Ltd. | \$ 399,674 | \$ 444,128 |
| Xiangyang Realty Co., Ltd. | <u>146,018</u> | <u>-</u> |
| | <u>\$ 545,692</u> | <u>\$ 444,128</u> |

In April 2024, Symphox Information Co., Ltd. repurchased its treasury shares, resulting in the Group's total effective ownership increasing from 49.12% to 50%, while the other shareholder also held a 50% interest. As neither party has sole control, the investment is accounted for as a joint venture.

In July 2025, the Group acquired 14,700 thousand shares of Xiangyang Realty Co., Ltd. for cash consideration of \$147,000 thousand, representing a 49% ownership interest; accordingly, the investment is accounted for as a joint venture.

Aggregate information of joint ventures:

| | For the Year Ended December 31 | |
|-----------------------------------|---------------------------------------|--------------------|
| | 2025 | 2024 |
| The Group's share of: | | |
| Net loss for the year | \$ (20,995) | \$ (39,512) |
| Other comprehensive (loss) income | <u>(8,158)</u> | <u>13,047</u> |
| Total comprehensive loss | <u>\$ (29,153)</u> | <u>\$ (26,465)</u> |

The investment accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended 2025 and 2024 were based on the results which have been audited for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

| | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Assets used by the Group | \$ 3,102,113 | \$ 3,348,517 |
| Assets under operating leases | <u>868,283</u> | <u>1,010,029</u> |
| | <u>\$ 3,970,396</u> | <u>\$ 4,358,546</u> |

a. Assets used by the Group

| | Land | Buildings | Leasehold Improvements | Other Equipment | Property under Construction and Equipment under Installation | Total |
|--|---------------------|---------------------|-----------------------------------|----------------------------|---|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2024 | \$ 1,616,689 | \$ 1,186,491 | \$ 2,100,496 | \$ 727,077 | \$ 34,374 | \$ 5,665,127 |
| Additions | - | - | 7,844 | 83,658 | 66,946 | 158,448 |
| Disposals | - | - | (779) | (23,886) | - | (24,665) |
| Transfer and others | <u>-</u> | <u>-</u> | <u>(101,233)</u> | <u>49,989</u> | <u>(66,533)</u> | <u>(117,777)</u> |
| Balance at December 31, 2024 | <u>\$ 1,616,689</u> | <u>\$ 1,186,491</u> | <u>\$ 2,006,328</u> | <u>\$ 836,838</u> | <u>\$ 34,787</u> | <u>\$ 5,681,133</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 435,037 | \$ 1,053,490 | \$ 577,309 | \$ - | \$ 2,065,836 |
| Depreciation expenses | - | 37,406 | 172,049 | 79,273 | - | 288,728 |
| Disposals | - | - | (691) | (23,337) | - | (24,028) |
| Transfer and others | <u>-</u> | <u>-</u> | <u>(15,603)</u> | <u>17,683</u> | <u>-</u> | <u>2,080</u> |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ 472,443</u> | <u>\$ 1,209,245</u> | <u>\$ 650,928</u> | <u>\$ -</u> | <u>\$ 2,332,616</u> |
| Carrying amount at December 31, 2024 | <u>\$ 1,616,689</u> | <u>\$ 714,048</u> | <u>\$ 797,083</u> | <u>\$ 185,910</u> | <u>\$ 34,787</u> | <u>\$ 3,348,517</u> |

(Continued)

| | Land | Buildings | Leasehold Improvements | Other Equipment | Property under Construction and Equipment under Installation | Total |
|--|---------------------|---------------------|------------------------|-------------------|--|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2025 | \$ 1,616,689 | \$ 1,186,491 | \$ 2,006,328 | \$ 836,838 | \$ 34,787 | \$ 5,681,133 |
| Additions | - | - | 3,014 | 47,708 | 10,922 | 61,644 |
| Disposals | - | - | (7,256) | (29,666) | - | (36,922) |
| Transfer and others | - | - | (519) | (190) | (28,470) | (29,179) |
| Balance at December 31, 2025 | <u>\$ 1,616,689</u> | <u>\$ 1,186,491</u> | <u>\$ 2,001,567</u> | <u>\$ 854,690</u> | <u>\$ 17,239</u> | <u>\$ 5,676,676</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2025 | \$ - | \$ 472,443 | \$ 1,209,245 | \$ 650,928 | \$ - | \$ 2,332,616 |
| Depreciation expenses | - | 36,625 | 159,513 | 83,058 | - | 279,196 |
| Disposals | - | - | (7,229) | (29,540) | - | (36,769) |
| Transfer and others | - | - | (124) | (356) | - | (480) |
| Balance at December 31, 2025 | <u>\$ -</u> | <u>\$ 509,068</u> | <u>\$ 1,361,405</u> | <u>\$ 704,090</u> | <u>\$ -</u> | <u>\$ 2,574,563</u> |
| Carrying amount at December 31, 2025 | <u>\$ 1,616,689</u> | <u>\$ 677,423</u> | <u>\$ 640,162</u> | <u>\$ 150,600</u> | <u>\$ 17,239</u> | <u>\$ 3,102,113</u> |

(Concluded)

b. Assets under operating leases

| | Leasehold Improvements | Transportation Equipment | Other Equipment | Total |
|--|------------------------|--------------------------|-------------------|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2024 | \$ 717,042 | \$ 132,258 | \$ 574,338 | \$ 1,423,638 |
| Additions | 18,162 | 41,192 | 38,597 | 97,951 |
| Disposals | - | (66,668) | (46,261) | (112,929) |
| Transfer and others | <u>127,102</u> | <u>-</u> | <u>(17,351)</u> | <u>109,751</u> |
| Balance at December 31, 2024 | <u>\$ 862,306</u> | <u>\$ 106,782</u> | <u>\$ 549,323</u> | <u>\$ 1,518,411</u> |
| <u>Accumulated depreciation and impairment</u> | | | | |
| Balance at January 1, 2024 | \$ 155,181 | \$ 67,207 | \$ 241,301 | \$ 463,689 |
| Depreciation expense | 46,743 | 18,660 | 49,636 | 115,039 |
| Disposals | - | (41,109) | (28,177) | (69,286) |
| Transfer and others | <u>15,603</u> | <u>-</u> | <u>(16,663)</u> | <u>(1,060)</u> |
| Balance at December 31, 2024 | <u>\$ 217,527</u> | <u>\$ 44,758</u> | <u>\$ 246,097</u> | <u>\$ 508,382</u> |
| Carrying amount at December 31, 2024 | <u>\$ 644,779</u> | <u>\$ 62,024</u> | <u>\$ 303,226</u> | <u>\$ 1,010,029</u> |

(Continued)

| | Leasehold Improvements | Transportation Equipment | Other Equipment | Total |
|--|-----------------------------------|-------------------------------------|----------------------------|----------------------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2025 | \$ 862,306 | \$ 106,782 | \$ 549,323 | \$ 1,518,411 |
| Additions | 16,345 | 5,359 | 44,607 | 66,311 |
| Disposals | (115,304) | (3,370) | (63,614) | (182,288) |
| Transfer and others | <u>11,999</u> | <u>-</u> | <u>12,893</u> | <u>24,892</u> |
| Balance at December 31, 2025 | <u>\$ 775,346</u> | <u>\$ 108,771</u> | <u>\$ 543,209</u> | <u>\$ 1,427,326</u> |
| <u>Accumulated depreciation and impairment</u> | | | | |
| Balance at January 1, 2025 | \$ 217,527 | \$ 44,758 | \$ 246,097 | \$ 508,382 |
| Depreciation expense | 44,339 | 15,729 | 52,226 | 112,294 |
| Disposals | (35,096) | (2,258) | (37,543) | (74,897) |
| Impairment loss | 10,309 | - | 2,828 | 13,137 |
| Transfer and others | <u>124</u> | <u>-</u> | <u>3</u> | <u>127</u> |
| Balance at December 31, 2025 | <u>\$ 237,203</u> | <u>\$ 58,229</u> | <u>\$ 263,611</u> | <u>\$ 559,043</u> |
| Carrying amount at December 31, 2025 | <u>\$ 538,143</u> | <u>\$ 50,542</u> | <u>\$ 279,598</u> | <u>\$ 868,283</u> (Concluded) |

Operating leases relate to leasing certain equipment with lease terms between 2 and 5 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------|--|
| Buildings | 5-50 years |
| Leasehold improvements | The shorter of lease terms or estimated useful lives |
| Transportation equipment | 5 years |
| Other equipment | 1-26 years |

13. LEASE ARRANGEMENTS

a. The Group as lessee

1) Right-of-use assets

| | <u>December 31</u> | |
|--------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Carrying amount</u> | | |
| Land | \$ - | \$ 3,008 |
| Buildings | 3,631,635 | 4,024,835 |
| Transportation equipment | 3,534 | 3,479 |
| Other equipment | <u>5,445</u> | <u>7,113</u> |
| | <u>\$ 3,640,614</u> | <u>\$ 4,038,435</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Additions to right-of-use assets | <u>\$ 114,511</u> | <u>\$ 156,225</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 2,534 | \$ 4,345 |
| Buildings | 394,502 | 396,241 |
| Transportation equipment | 1,858 | 1,176 |
| Other equipment | <u>3,982</u> | <u>2,934</u> |
| | <u>\$ 402,876</u> | <u>\$ 404,696</u> |

The Group has been subleasing its leasehold business premises located across various regions in Taiwan. The related right-of-use assets are present as investment properties (as set out in Note 14). The amount disclosed above with respect to the right-of-use assets does not include right-of-use assets that meet the definition of investment properties.

2) Lease liabilities

| | December 31 | |
|------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| <u>Carrying amount</u> | | |
| Current | <u>\$ 467,949</u> | <u>\$ 428,876</u> |
| Non-current | <u>\$ 4,776,463</u> | <u>\$ 5,277,143</u> |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|--------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Land | - | 1.85% |
| Buildings | 1.92%-3.44% | 1.51%-3.44% |
| Transportation equipment | 1.87%-2.80% | 1.20%-2.66% |
| Other equipment | 1.80%-2.80% | 1.80%-2.80% |

3) Material leasing activities and terms

The Group leases certain land and buildings for the use of offices and certain transportation equipment and other equipment used in operations with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Certain real estate lease agreements of the Group include variable lease payments linked to sales revenue. The lease agreement is determined based on the higher of a fixed minimum rent or a percentage of sales revenue. These variable lease payments tied to sales revenue are common in lease agreements within the Group's industry. Since these variable lease payments do not meet the definition of lease payments, they are not included in the measurement of lease assets and liabilities. If the percentage rent exceeds the minimum rent, the Group estimates that for every \$100 thousand increase in sales revenue, rental expenses would increase by \$25 thousand.

4) Other lease information

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Expenses relating to short-term or low-value asset leases | <u>\$ 20,275</u> | <u>\$ 17,581</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 41,054</u> | <u>\$ 54,615</u> |
| Total cash outflow for leases | <u>\$ 679,692</u> | <u>\$ 675,126</u> |

b. The Group as lessor

The maturity analysis of lease payments receivable under operating lease was as follows:

| | December 31 | |
|--------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Year 1 | \$ 570,265 | \$ 516,640 |
| Year 2 | 499,368 | 439,093 |
| Year 3 | 357,587 | 392,707 |
| Year 4 | 225,556 | 287,707 |
| Year 5 | 126,270 | 185,899 |
| Year 6 and onwards | <u>290,369</u> | <u>325,702</u> |
| | <u>\$ 2,069,415</u> | <u>\$ 2,147,748</u> |

14. INVESTMENT PROPERTIES

| | Land | Buildings | Right-of-use Assets | Investment Properties under Construction | Total |
|--|---------------------|---------------------|----------------------------|---|----------------------|
| <u>Cost</u> | | | | | |
| Balance at January 1, 2024 | \$ 5,833,014 | \$ 4,905,607 | \$ 1,068,040 | \$ - | \$ 11,806,661 |
| Additions | - | 203,292 | 390,166 | 12,517 | 605,975 |
| Disposals | (56,743) | (443,690) | (51,129) | - | (551,562) |
| Transfer and reclassification | <u>1,430,039</u> | <u>1,395,592</u> | <u>(62,785)</u> | <u>472,539</u> | <u>3,235,385</u> |
| Balance at December 31, 2024 | <u>\$ 7,206,310</u> | <u>\$ 6,060,801</u> | <u>\$ 1,344,292</u> | <u>\$ 485,056</u> | <u>\$ 15,096,459</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 2,513,961 | \$ 137,560 | \$ - | \$ 2,651,521 |
| Depreciation expenses | - | 194,456 | 93,521 | - | 287,977 |
| Disposals | - | (408,136) | (25,565) | - | (433,701) |
| Transfer and reclassification | <u>-</u> | <u>(1,020)</u> | <u>-</u> | <u>-</u> | <u>(1,020)</u> |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ 2,299,261</u> | <u>\$ 205,516</u> | <u>\$ -</u> | <u>\$ 2,504,777</u> |
| Carrying amount at December 31, 2024 | <u>\$ 7,206,310</u> | <u>\$ 3,761,540</u> | <u>\$ 1,138,776</u> | <u>\$ 485,056</u> | <u>\$ 12,591,682</u> |

(Continued)

| | Land | Buildings | Right-of-use Assets | Investment Properties under Construction | Total |
|--|---------------------|---------------------|---------------------|--|-------------------------------------|
| <u>Cost</u> | | | | | |
| Balance at January 1, 2025 | \$ 7,206,310 | \$ 6,060,801 | \$ 1,344,292 | \$ 485,056 | \$ 15,096,459 |
| Additions | - | 27,863 | - | 39,139 | 67,002 |
| Disposals | - | (1,487) | (21,302) | - | (22,789) |
| Transfer and reclassification | <u>(110,974)</u> | <u>49,806</u> | <u>-</u> | <u>-</u> | <u>(61,168)</u> |
| Balance at December 31, 2025 | <u>\$ 7,095,336</u> | <u>\$ 6,136,983</u> | <u>\$ 1,322,990</u> | <u>\$ 524,195</u> | <u>\$ 15,079,504</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | |
| Balance at January 1, 2025 | \$ - | \$ 2,299,261 | \$ 205,516 | \$ - | \$ 2,504,777 |
| Depreciation expenses | - | 223,120 | 97,686 | - | 320,806 |
| Disposals | - | (803) | (21,302) | - | (22,105) |
| Transfer and reclassification | <u>-</u> | <u>(8,312)</u> | <u>-</u> | <u>-</u> | <u>(8,312)</u> |
| Balance at December 31, 2025 | <u>\$ -</u> | <u>\$ 2,513,266</u> | <u>\$ 281,900</u> | <u>\$ -</u> | <u>\$ 2,795,166</u> |
| Carrying amount at December 31, 2025 | <u>\$ 7,095,336</u> | <u>\$ 3,623,717</u> | <u>\$ 1,041,090</u> | <u>\$ 524,195</u> | <u>\$ 12,284,338</u> (Concluded) |

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|-------------------------|------------|
| Buildings | |
| Main building | 2-50 years |
| Elevator equipment | 4-15 years |
| Air conditioning system | 4-15 years |
| Right-of-use asset | 2-20 years |

The right-of-use assets within investment properties are leased by the Group through operating leases for business premises located across various locations in Taiwan. The lessees do not have a bargain purchase option to acquire the investment properties at the end of the lease terms.

The Group's investment properties are not measured at fair value but only disclose fair value information. The fair value of the investment properties held by the Group as of December 31, 2025 and 2024 was \$25,270,928 thousand and \$23,393,563 thousand, respectively.

The aforementioned fair values were determined based on valuations conducted by an independent qualified professional valuer and internal appraisals, using the comparative method and market transaction prices of similar properties in the vicinity, as well as actual transaction prices from the most recent year.

The fair value of the right-of-use assets is determined by evaluating the net expected rental income, after deducting all expected payments, and adding the recognized lease liabilities.

Refer to Note 26 for the information about investment properties pledged as collateral for borrowings.

15. OTHER NON-CURRENT ASSETS

| | December 31 | |
|----------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Refundable deposits | \$ 757,936 | \$ 832,832 |
| Prepayments for investments | 400,000 | - |
| Other financial assets | 37,700 | 96,400 |
| Construction land | 18,425 | 18,425 |
| Prepayments for equipment | 9,219 | 160,879 |
| Other non-current assets - other | <u>88,455</u> | <u>75,731</u> |
| | <u>\$ 1,311,735</u> | <u>\$ 1,184,267</u> |

The Group acquired agricultural land located at land series No. 137-2 etc., Northern Shi-zni of Hou-tsuo Section, Sanzhi District, New Taipei City, for investment and development. However, the Group was unable to transfer the ownership of the land due to the legal restriction, therefore choosing to enter into a name-borrowing contract with others. The other consented to fully cooperate with the Group in changing the ownership of the land in the future and pledge with the lands in priority to the Group. As of December 31, 2025 and 2024, the lands registered by others were \$18,425 thousand for both years.

16. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|------------------------|----------------------|----------------------|
| | 2025 | 2024 |
| Unsecured bank loans | \$ 11,931,000 | \$ 12,716,400 |
| Secured bank loans | <u>2,000,000</u> | <u>500,000</u> |
| | <u>\$ 13,931,000</u> | <u>\$ 13,216,400</u> |
| Interest rate interval | 1.84%-2.48% | 1.85%-2.50% |

Refer to Note 26 for the information relating to collateral pledged by the Group's investment properties.

b. Short-term bills payable

| | December 31 | |
|---|---------------------|-------------------|
| | 2025 | 2024 |
| Short-term bills payable | \$ 2,465,000 | \$ 839,000 |
| Less: Unamortized discount on bills payable | <u>(2,226)</u> | <u>(461)</u> |
| | <u>\$ 2,462,774</u> | <u>\$ 838,539</u> |
| Interest rate interval | 2.19%-2.48% | 1.99%-2.28% |

c. Long-term borrowings

| | December 31 | |
|-------------------------|----------------------|----------------------|
| | 2025 | 2024 |
| Unsecured bank loans | \$ 9,052,660 | \$ 13,310,550 |
| Secured bank loans | 6,320,000 | 6,220,000 |
| Long-term bills payable | 1,497,420 | 3,192,548 |
| Less: Current portion | <u>(6,677,301)</u> | <u>(10,347,531)</u> |
| | <u>\$ 10,192,779</u> | <u>\$ 12,375,567</u> |
| Interest rate interval | | |
| Unsecured bank loans | 1.97%-2.74% | 1.81%-2.68% |
| Secured bank loans | 2.45%-2.74% | 2.38%-2.74% |
| Long-term bills payable | 2.29%-2.30% | 2.38%-2.62% |

Refer to Note 26 for the information relating to collateral pledged by the Group's inventories and investment properties.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Group, including the Company, Cathay Real Estate Management, Cathay Healthcare Management, Lin Yuan Property, and San-Ching Engineering in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes a certain percentage of each employee's monthly salary to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheet in respect of the Group's defined benefit plans were as follows:

| | December 31 | |
|--|--------------------|------------------|
| | 2025 | 2024 |
| Present value of defined benefit obligation | \$ 617,022 | \$ 606,436 |
| Fair value of plan assets | <u>(593,428)</u> | <u>(552,115)</u> |
| Net defined benefit liabilities (recorded under other non-current liabilities) | <u>\$ 23,594</u> | <u>\$ 54,321</u> |

Movements in net defined benefit liabilities were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities |
|---|--|--|--|
| Balance at January 1, 2024 | <u>\$ 565,246</u> | <u>\$ (482,778)</u> | <u>\$ 82,468</u> |
| Service cost | | | |
| Current service cost | 14,541 | - | 14,541 |
| Net interest expense (income) | <u>6,306</u> | <u>(5,388)</u> | <u>918</u> |
| Recognized in profit or loss | <u>20,847</u> | <u>(5,388)</u> | <u>15,459</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (81,328) | (81,328) |
| Actuarial loss - experience adjustments | 19,615 | - | 19,615 |
| Actuarial loss - changes in financial assumptions | <u>33,460</u> | <u>-</u> | <u>33,460</u> |
| Recognized in other comprehensive income | <u>53,075</u> | <u>(81,328)</u> | <u>(28,253)</u> |
| Contributions from the employer | - | (13,695) | (13,695) |
| Benefits paid | <u>(32,732)</u> | <u>31,074</u> | <u>(1,658)</u> |
| Balance at December 31, 2024 | <u>606,436</u> | <u>(552,115)</u> | <u>54,321</u> |
| Service cost | | | |
| Current service cost | 11,943 | - | 11,943 |
| Net interest expense (income) | <u>9,146</u> | <u>(8,332)</u> | <u>814</u> |
| Recognized in profit or loss | <u>21,089</u> | <u>(8,332)</u> | <u>12,757</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (44,776) | (44,776) |
| Actuarial loss - experience adjustments | 4,585 | - | 4,585 |
| Actuarial loss - changes in financial assumptions | <u>35,630</u> | <u>-</u> | <u>35,630</u> |
| Recognized in other comprehensive income | <u>40,215</u> | <u>(44,776)</u> | <u>(4,561)</u> |
| Contributions from the employer | - | (27,516) | (27,516) |
| Benefits paid | <u>(50,718)</u> | <u>39,311</u> | <u>(11,407)</u> |
| Balance at December 31, 2025 | <u>\$ 617,022</u> | <u>\$ (593,428)</u> | <u>\$ 23,594</u> |

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2 year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of present value of the defined benefit obligations were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Discount rate | 1.30%-1.35% | 1.56%-1.63% |
| Expected rate of salary increase | 1.50%-3.00% | 1.50%-3.00% |

If a reasonably possible change in each of the significant actuarial assumptions occurs while all other assumptions remain constant, the present value of the defined benefit obligations will increase (decrease) as follows:

| | December 31 | |
|----------------------------------|--------------------|--------------------|
| | 2025 | 2024 |
| Discount rate | | |
| 0.25% increase | <u>\$ (9,869)</u> | <u>\$ (10,437)</u> |
| 0.25% decrease | <u>\$ 10,130</u> | <u>\$ 10,454</u> |
| Expected rate of salary increase | | |
| 0.5% increase | <u>\$ 19,344</u> | <u>\$ 20,024</u> |
| 0.5% decrease | <u>\$(18,755)</u> | <u>\$(19,454)</u> |

The sensitivity analysis presented above might not have been representative of the actual change in the present value of the defined benefit obligation because it was unlikely that the changes in assumptions had occurred in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|--|--------------------|-----------------|
| | 2025 | 2024 |
| The expected contributions to the plan for the next year | <u>\$ 7,540</u> | <u>\$ 7,719</u> |
| The average duration of defined benefit obligations | 9.1 years | 9.9 years |

18. EQUITY

a. Ordinary shares

| | December 31 | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Number of shares authorized (in thousands) | <u>2,000,000</u> | <u>2,000,000</u> |
| Value of shares authorized | <u>\$ 20,000,000</u> | <u>\$ 20,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>1,159,561</u> | <u>1,159,561</u> |
| Value of shares issued | <u>\$ 11,595,611</u> | <u>\$ 11,595,611</u> |

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

b. Capital surplus

| | <u>December 31</u> | |
|---|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital*</u> | | |
| The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal | \$ 262 | \$ 262 |
| Treasury share transactions | 10,407 | 10,407 |
| <u>May only be used to offset a deficit</u> | | |
| Changes in percentage of ownership interest in associates and joint ventures accounted for using equity method | 109,878 | 126,161 |
| Unclaimed dividends | <u>50,373</u> | <u>46,050</u> |
| | <u>\$ 170,920</u> | <u>\$ 182,880</u> |

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of paid-in capital).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 20 (f).

In response to changes in the economic and market environment, the Company is pursuing diversified investment development to enhance profitability. Considering long-term financial planning and future funding needs, the dividend policy follows a residual dividend approach, aiming for steady growth and sustainable operations. Based on the Company's operational plans, capital investments, and the shareholders' need for cash inflows, while also avoiding excessive capital expansion, the distribution of earnings will prioritize cash dividends. Stock dividends may also be issued; however, the total dividend distribution shall not be less than 20% of the current year's profit, and the cash dividend distribution shall not be less than 50% of the total dividend distribution.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the local regulations, an amount equal to the net debit balance of total other equity items shall be appropriated as a special reserve. The special reserve may be reversed to the extent of the decrease in the net debit balance.

The appropriations of earnings for 2024 and 2023 were as follows:

| | For the Year Ended December 31 | |
|---------------------------------|---------------------------------------|---------------------|
| | 2024 | 2023 |
| Legal reserve | \$ <u>173,866</u> | \$ <u>202,049</u> |
| Cash dividends | \$ <u>1,159,561</u> | \$ <u>1,159,561</u> |
| Cash dividends per share (NT\$) | \$ <u>1.0</u> | \$ <u>1.0</u> |

The above appropriations of earnings were resolved and approved by the shareholders in their meetings on June 13, 2025 and June 14, 2024, respectively.

The appropriations of earnings for 2025 will be resolved by the board of directors and the shareholders in their meeting in April 2026 and June 2026, respectively.

Information about the appropriations of earnings and distribution of capital surplus are available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

| | Exchange Differences Arising from the Translation of Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Remeasurement of Defined Benefit Plans | Gain (Loss) on Hedging Instruments | Gain (Loss) on Property Revaluation |
|---|--|---|--|--|---|
| Balance at January 1, 2024 | \$ 513 | \$ 430,854 | \$ 258 | \$ - | \$ 3,706 |
| Remeasurement of defined benefit plans | - | - | 28,253 | - | - |
| Income tax related to actuarial gains and losses | - | - | (5,651) | - | - |
| Unrealized gains and losses on equity instrument investments | - | 1,441,617 | - | - | - |
| Share of joint ventures and associates under the equity method | 393 | 13,391 | (2,290) | (40) | (3,706) |
| Cumulative gains of equity instruments transferred to retained earnings due to disposal | - | (161,253) | - | - | - |
| Balance at December 31, 2024 | <u>\$ 906</u> | <u>\$ 1,724,609</u> | <u>\$ 20,570</u> | <u>\$ (40)</u> | <u>\$ -</u> |
| Balance at January 1, 2025 | \$ 906 | \$ 1,724,609 | \$ 20,570 | \$ (40) | \$ - |
| Remeasurement of defined benefit plans | - | - | 4,561 | - | - |
| Income tax related to actuarial gains and losses | - | - | (912) | - | - |
| Unrealized gains and losses on equity instrument investments | - | 364,249 | - | - | - |
| Share of joint ventures and associates under the equity method | (153) | (8,247) | (2,424) | (292) | - |
| Balance at December 31, 2025 | <u>\$ 753</u> | <u>\$ 2,080,611</u> | <u>\$ 21,795</u> | <u>\$ (332)</u> | <u>\$ -</u> |

e. Non-controlling interests

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Balance at January 1 | \$ 2,243,824 | \$ 2,222,905 |
| Attributable to non-controlling interests: | | |
| Share of profit (loss) for the year | 20,671 | (45,170) |
| Remeasurement of defined benefit plans | 2,666 | 1,650 |
| Changes in percentage of ownership interests in subsidiaries | - | 122,500 |
| Cash dividends | (82,960) | (58,061) |
| Repurchase of subsidiary's preferred shares | (6,000) | - |
| Balance at December 31 | <u>\$ 2,178,201</u> | <u>\$ 2,243,824</u> |

19. REVENUE

| | For the Year Ended December 31 | |
|--|---------------------------------------|----------------------|
| | 2025 | 2024 |
| Revenue from contracts with customers | | |
| Revenue from the sale of real estate | \$ 13,290,500 | \$ 12,625,458 |
| Construction contract revenue | 4,888,456 | 5,661,374 |
| Revenue from the rendering of services | 5,165,287 | 4,755,951 |
| Other | <u>281,218</u> | <u>248,641</u> |
| | 23,625,461 | 23,291,424 |
| Rental income | <u>663,773</u> | <u>567,265</u> |
| | <u>\$ 24,289,234</u> | <u>\$ 23,858,689</u> |

a. Disaggregation of revenue

| | Reportable Departments | | | |
|---|---|------------------------------------|---------------------|----------------------|
| | Property and Real Estate Investment Development Department | Construction Department | Other | Total |
| <u>For the year ended December 31, 2025</u> | | | | |
| The type of goods or services | | | | |
| Revenue from the sale of real estate | \$ 13,290,500 | \$ - | \$ - | \$ 13,290,500 |
| Construction contract revenue | - | 4,888,456 | - | 4,888,456 |
| Revenue from the rendering of services | - | - | 5,165,287 | 5,165,287 |
| Rental income | 453,856 | - | 209,917 | 663,773 |
| Others | <u>-</u> | <u>-</u> | <u>281,218</u> | <u>281,218</u> |
| | <u>\$ 13,744,356</u> | <u>\$ 4,888,456</u> | <u>\$ 5,656,422</u> | <u>\$ 24,289,234</u> |
| Timing of revenue recognition | | | | |
| At a point in time | \$ 13,290,500 | \$ - | \$ 5,446,505 | \$ 18,737,005 |
| Over time | <u>453,856</u> | <u>4,888,456</u> | <u>209,917</u> | <u>5,552,229</u> |
| | <u>\$ 13,744,356</u> | <u>\$ 4,888,456</u> | <u>\$ 5,656,422</u> | <u>\$ 24,289,234</u> |
| <u>For the year ended December 31, 2024</u> | | | | |
| The type of goods or services | | | | |
| Revenue from the sale of real estate | \$ 12,625,458 | \$ - | \$ - | \$ 12,625,458 |
| Construction contract revenue | - | 5,661,374 | - | 5,661,374 |
| Revenue from the rendering of services | - | - | 4,755,951 | 4,755,951 |
| Rental income | 362,988 | - | 204,277 | 567,265 |
| Others | <u>-</u> | <u>-</u> | <u>248,641</u> | <u>248,641</u> |
| | <u>\$ 12,988,446</u> | <u>\$ 5,661,374</u> | <u>\$ 5,208,869</u> | <u>\$ 23,858,689</u> |
| Timing of revenue recognition | | | | |
| At a point in time | \$ 12,625,458 | \$ - | \$ 5,004,592 | \$ 17,630,050 |
| Over time | <u>362,988</u> | <u>5,661,374</u> | <u>204,277</u> | <u>6,228,639</u> |
| | <u>\$ 12,988,446</u> | <u>\$ 5,661,374</u> | <u>\$ 5,208,869</u> | <u>\$ 23,858,689</u> |

b. Contract balance

| | December 31 | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Notes and accounts receivable (including related parties) (Note 8) | <u>\$ 1,047,465</u> | <u>\$ 1,052,287</u> |
| Contract assets - construction contracts | <u>\$ 66,256</u> | <u>\$ 22,249</u> |
| Contract liabilities | | |
| Sales of real estate | \$ 14,195,667 | \$ 11,781,685 |
| Construction contract | 358,699 | 555,408 |
| Rendering of services | <u>133,650</u> | <u>136,742</u> |
| | <u>\$ 14,688,016</u> | <u>\$ 12,473,835</u> |

1) Contract assets

The contract costs incurred and recognized profits (less recognized losses) and the amount of construction progress billed related to construction contracts undertaken by the Group as of the balance sheet date were as follows:

| | December 31 | |
|---|---------------------|---------------------|
| | 2025 | 2024 |
| Incurring contract costs and recognized profits | \$ 6,480,483 | \$ 8,237,773 |
| Less: Progress billings related to construction contracts | <u>(6,772,926)</u> | <u>(8,770,932)</u> |
| Net contract assets (liabilities) related to construction contract in progress | <u>\$ (292,443)</u> | <u>\$ (533,159)</u> |
| Reflected in balance sheet as follows | | |
| Contract assets - construction | \$ 66,256 | \$ 22,249 |
| Contract liabilities - construction | <u>(358,699)</u> | <u>(555,408)</u> |
| Net amount | <u>\$ (292,443)</u> | <u>\$ (533,159)</u> |

For the years ended December 31, 2025 and 2024, the movements in the contract assets are as follows:

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2025 | 2024 |
| The amount that was transferred from the beginning contract assets balance of the year to the accounts receivable | <u>\$ (16,787)</u> | <u>\$ (170,547)</u> |
| Changes in the measurement of the degree of completion | <u>\$ 60,794</u> | <u>\$ 21,373</u> |

2) Contract liabilities

For the years ended December 31, 2025 and 2024, the movements in the contract liabilities are as follows:

| | <u>For the Year Ended December 31</u> | |
|--|--|-----------------------|
| | 2025 | 2024 |
| Revenue recognized during the year that was included in the balance at the beginning of the year | <u>\$ (3,062,892)</u> | <u>\$ (1,410,500)</u> |
| Increase in receipt in advance during the period | <u>\$ 5,277,073</u> | <u>\$ 6,288,180</u> |

c. Amounts of the transaction price allocated to the performance obligations that are unsatisfied

As of December 31, 2025, the aggregate amount of the transaction price allocated to unsatisfied performance obligations was \$18,213,002 thousand. The Group expects to recognize the related revenue as construction progresses, with completion expected between 2026 and 2030.

d. Assets related to contracts costs

| | <u>For the Year Ended December 31</u> | |
|---|--|---------------------|
| | 2025 | 2024 |
| Incremental costs of obtaining a contract | <u>\$ 2,019,817</u> | <u>\$ 1,880,371</u> |

The Group considers its past experience and believes that the commission paid for obtaining the contract is wholly recoverable. Amortization expenses recognized are \$416,189 thousand and \$365,997 thousand for the years ended December 31, 2025 and 2024, respectively.

20. NET PROFIT

a. Interest income

| | <u>For the Year Ended December 31</u> | |
|---------------|--|------------------|
| | 2025 | 2024 |
| Bank deposits | \$ 38,393 | \$ 32,934 |
| Other | <u>21,582</u> | <u>15,887</u> |
| | <u>\$ 59,975</u> | <u>\$ 48,821</u> |

b. Other gains and losses

| | For the Year Ended December 31 | |
|--|---------------------------------------|--------------------|
| | 2025 | 2024 |
| Loss on disposal and retirement of property, plant and equipment | \$ (100,065) | \$ (9,043) |
| Impairment loss on non-financial assets | (51,137) | - |
| Impairment loss on financial assets | (21,570) | (32,750) |
| Loss on disposal of intangible assets | (4,218) | - |
| Loss on disposal of investment properties | (684) | (16,244) |
| Net foreign currency exchange gain (loss) | 255 | (579) |
| Others | <u>(19,838)</u> | <u>(29,997)</u> |
| | <u>\$ (197,257)</u> | <u>\$ (88,613)</u> |

c. Finance costs

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Interest on bank loans | \$ 856,963 | \$ 858,757 |
| Interest on lease liabilities | 154,928 | 163,337 |
| Less: Amounts included in the cost of qualifying assets | <u>(561,882)</u> | <u>(528,103)</u> |
| | <u>\$ 450,009</u> | <u>\$ 493,991</u> |
| Interest capitalization rate | 1.86%-3.25% | 0.10%-3.74% |

d. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Property, plant and equipment | \$ 391,490 | \$ 403,767 |
| Investment properties | 320,806 | 287,977 |
| Right-of-use assets | 402,876 | 404,696 |
| Intangible assets | <u>23,410</u> | <u>18,669</u> |
| | <u>\$ 1,138,582</u> | <u>\$ 1,115,109</u> |
| An analysis of depreciation by function | | |
| Operating costs | \$ 789,862 | \$ 764,126 |
| Operating expenses | <u>325,310</u> | <u>332,314</u> |
| | <u>\$ 1,115,172</u> | <u>\$ 1,096,440</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 11,760 | \$ 9,332 |
| Operating expenses | <u>11,650</u> | <u>9,337</u> |
| | <u>\$ 23,410</u> | <u>\$ 18,669</u> |

e. Employee benefits expenses

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Short-term benefits | | |
| Payroll | \$ 1,944,734 | \$ 1,766,717 |
| Labor and health insurance | <u>179,909</u> | <u>164,657</u> |
| | <u>2,124,643</u> | <u>1,931,374</u> |
| Post-employment benefits | | |
| Defined contribution plans | 75,427 | 68,661 |
| Defined benefit plans (Note 17) | <u>12,757</u> | <u>15,459</u> |
| | <u>88,184</u> | <u>84,120</u> |
| Other employee benefits | <u>117,292</u> | <u>110,930</u> |
| Total employee benefits | <u>\$ 2,330,119</u> | <u>\$ 2,126,424</u> |
| An analysis of employee benefits expenses by function | | |
| Operating costs | \$ 1,581,172 | \$ 1,413,715 |
| Operating expenses | <u>748,947</u> | <u>712,709</u> |
| | <u>\$ 2,330,119</u> | <u>\$ 2,126,424</u> |

f. Compensation of employees and remuneration of directors

According to the Company's Articles, if there is a profit in a given fiscal year, the Company accrues compensation of employees at a rate of 0.1% to 1%, and remuneration of directors at a rate not higher than 1%. However, if there is an accumulated deficit, the deficit should be offset first. The aforementioned employee compensation may be paid in stock or cash, and such decisions must be made by a resolution of the board of directors, with more than two-thirds of the directors in attendance and the majority of those present agreeing, and subsequently reported to the shareholders' meeting.

In accordance with FSC Document No. 1130385442 and Article 14, Paragraph 6 of the Securities and Exchange Act, the shareholders' meeting resolved on June 13, 2025 to amend the Company's Articles of Incorporation, stipulating that no less than 50% of employee compensation should be distributed to entry-level employees, with the remaining portion to be distributed to non-entry-level employees.

The compensation of employees and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 12, 2026 and March 12, 2025, respectively, were as follows:

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2025 | 2024 |
| Compensation of employees | \$ 3,567 | \$ 1,976 |
| Remuneration of directors | 2,400 | 2,400 |

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Current tax | | |
| In respect of the current year | \$ 537,472 | \$ 228,786 |
| Land value increment tax | 191,224 | 369,693 |
| Income tax on unappropriated earnings | 21,387 | 35,241 |
| Adjustments for prior year | <u>(43,026)</u> | <u>(6,415)</u> |
| | <u>707,057</u> | <u>627,305</u> |
| Deferred tax | | |
| In respect of the current year | (91,186) | (87,610) |
| Adjustments for prior year | <u>-</u> | <u>254</u> |
| | <u>(91,186)</u> | <u>(87,356)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 615,871</u> | <u>\$ 539,949</u> |

A reconciliation of accounting profit and income tax expenses is as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Profit before tax | <u>\$ 3,918,602</u> | <u>\$ 2,072,179</u> |
| Income tax expense calculated at the statutory rate (20%) | \$ 783,721 | \$ 414,436 |
| Nondeductible expenses in determining taxable income | 37,279 | 26,402 |
| Tax-exempt income | (398,712) | (325,716) |
| Income tax on unappropriated earnings | 21,387 | 35,241 |
| Land value increment tax | 191,224 | 369,693 |
| Unrecognized loss carryforwards | 24,010 | 17,780 |
| Unrecognized temporary differences | - | 8,230 |
| Adjustments for prior years' tax | (43,026) | (6,161) |
| Others | <u>(12)</u> | <u>44</u> |
| Income tax expense recognized in profit or loss | <u>\$ 615,871</u> | <u>\$ 539,949</u> |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---------------------------------------|---------------------------------------|-------------------|
| | 2025 | 2024 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Remeasurement of defined benefit plan | <u>\$ (912)</u> | <u>\$ (5,651)</u> |

c. Current income tax liabilities

| | <u>December 31</u> | |
|-------------------------|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| Current tax assets | | |
| Tax refund receivable | \$ <u>3,006</u> | \$ <u>2,148</u> |
| Current tax liabilities | | |
| Income taxes payable | \$ <u>429,247</u> | \$ <u>130,547</u> |

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|--|----------------------------|---|---|----------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary differences | | | | |
| Investment properties | \$ 171,124 | \$ (5,349) | \$ - | \$ 165,775 |
| Unrealized expenses | 261,124 | 49,926 | - | 311,050 |
| Unrealized sales profits | 17,364 | (396) | - | 16,968 |
| Allowance for loss on inventories | 2,615 | - | - | 2,615 |
| Defined benefit plan | 15,801 | (3,574) | 148 | 12,375 |
| Allowance for impairment loss on non-financial assets | 2,218 | 10,021 | - | 12,239 |
| Properties with title transferred but not yet hand over | - | 40,954 | - | 40,954 |
| Others | 3,252 | (94) | - | 3,158 |
| Loss carryforwards | <u>25,498</u> | <u>1,357</u> | <u>-</u> | <u>26,855</u> |
| | <u>\$ 498,996</u> | <u>\$ 92,845</u> | <u>\$ 148</u> | <u>\$ 591,989</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Temporary differences | | | | |
| Investment properties - land value increment tax | \$ 10,049 | \$ - | \$ - | \$ 10,049 |
| Unrealized premium on disposal of investment accounted for using equity method | 25,151 | - | - | 25,151 |
| Defined benefit plan | <u>8,598</u> | <u>1,659</u> | <u>1,060</u> | <u>11,317</u> |
| | <u>\$ 43,798</u> | <u>\$ 1,659</u> | <u>\$ 1,060</u> | <u>\$ 46,517</u> |

For the year ended December 31, 2024

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|--|----------------------------|---|---|----------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary differences | | | | |
| Investment properties | \$ 176,472 | \$ (5,348) | \$ - | \$ 171,124 |
| Unrealized expenses | 166,687 | 94,437 | - | 261,124 |
| Unrealized sales profits | 17,372 | (8) | - | 17,364 |
| Allowance for loss on inventories | 13,287 | (10,672) | - | 2,615 |
| Defined benefit plan | 18,530 | (770) | (1,959) | 15,801 |
| Allowance for impairment loss on non-financial assets | 242 | 1,976 | - | 2,218 |
| Others | 3,351 | (99) | - | 3,252 |
| Loss carryforwards | <u>18,450</u> | <u>7,048</u> | <u>-</u> | <u>25,498</u> |
| | <u>\$ 414,391</u> | <u>\$ 86,564</u> | <u>\$ (1,959)</u> | <u>\$ 498,996</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Temporary differences | | | | |
| Investment properties - land value increment tax | \$ 10,049 | \$ - | \$ - | \$ 10,049 |
| Unrealized premium on disposal of investment accounted for using equity method | 25,151 | - | - | 25,151 |
| Defined benefit plan | <u>5,698</u> | <u>(792)</u> | <u>3,692</u> | <u>8,598</u> |
| | <u>\$ 40,898</u> | <u>\$ (792)</u> | <u>\$ 3,692</u> | <u>\$ 43,798</u> |

- e. Deductible temporary differences and unused loss carryforwards for which deferred tax assets have not been recognized in the consolidated balance sheets

| | <u>December 31</u> | |
|----------------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Loss carryforwards | | |
| Expiry in year 2025 | \$ - | \$ 183,168 |
| Expiry in year 2026 | 268,254 | 268,254 |
| Expiry in year 2027 | 165,360 | 165,360 |
| Expiry in year 2028 | 105,740 | 105,740 |
| Expiry in year 2029 | 235,469 | 235,632 |
| Expiry in year 2030 | 620,777 | 626,226 |
| Expiry in year 2031 | 727,765 | 738,454 |
| Expiry in year 2032 | 499,006 | 530,226 |
| Expiry in year 2033 | 126,525 | 146,199 |
| Expiry in year 2034 | 80,621 | 110,522 |
| Expiry in year 2035 | <u>153,735</u> | <u>-</u> |
| | <u>\$ 2,893,252</u> | <u>\$ 3,109,781</u> |
| Deductible temporary differences | <u>\$ 41,148</u> | <u>\$ 41,148</u> |

f. Income tax assessment

| | <u>Last Income Tax Approval Year</u> |
|---|--------------------------------------|
| The Company | 2023 |
| San-Ching Engineering Co., Ltd. | 2023 |
| Cathay Real Estate Management Co., Ltd. | 2023 |
| Cathay Healthcare Management Co., Ltd. | 2023 |
| Cathay Hospitality Management Co., Ltd. | 2023 |
| Cathay Hospitality Consulting Co., Ltd. | 2022 |
| Cathay Food & Beverage Group Co., Ltd. | 2022 |
| Lin Yuan Property Management Co., Ltd. | 2023 |
| Jinhua Realty Co., Ltd. | 2023 |
| Bannan Realty Co., Ltd. | 2023 |
| Sanchong Realty Co., Ltd. | 2023 |
| Zhulun Realty Co., Ltd. | 2023 |
| Cymbal Medical Network Co., Ltd. | 2023 |
| Cymlin Co., Ltd. | 2023 |

The Company has filed a reconsideration application for the approved assessment of 2022, and the reconsideration process is currently in progress.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|----------------|
| | 2025 | 2024 |
| Basic earnings per share | <u>\$ 2.83</u> | <u>\$ 1.36</u> |
| Diluted earnings per share | <u>\$ 2.83</u> | <u>\$ 1.36</u> |

The net income and weighted average number of ordinary shares used in the computation of earnings per share were as follows:

Net Profit for the Year

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Profit for the year attributable to owners of the Company | <u>\$ 3,282,060</u> | <u>\$ 1,577,400</u> |

Number of Shares

(In Thousands)

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|------------------|
| | 2025 | 2024 |
| Weighted average number of ordinary shares in the computation of basic earnings per share | 1,159,561 | 1,159,561 |
| Effect of potentially dilutive ordinary shares: | | |
| Compensation of employees | <u>168</u> | <u>106</u> |
| Weighted average number of ordinary shares in the computation of diluted earnings per share | <u>1,159,729</u> | <u>1,159,667</u> |

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a periodic basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------------------|-------------|-------------------|---------------------|
| <u>December 31, 2025</u> | | | | |
| Financial assets at FVTOCI | | | | |
| Listed shares | \$ 4,481,154 | \$ - | \$ - | \$ 4,481,154 |
| Unlisted shares | <u>-</u> | <u>-</u> | <u>419,133</u> | <u>419,133</u> |
| | <u>\$ 4,481,154</u> | <u>\$ -</u> | <u>\$ 419,133</u> | <u>\$ 4,900,287</u> |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------------------|-------------|-------------------|---------------------|
| <u>December 31, 2024</u> | | | | |
| Financial assets at FVTOCI | | | | |
| Listed shares | \$ 4,037,768 | \$ - | \$ - | \$ 4,037,768 |
| Unlisted shares | <u>-</u> | <u>-</u> | <u>498,270</u> | <u>498,270</u> |
| | <u>\$ 4,037,768</u> | <u>\$ -</u> | <u>\$ 498,270</u> | <u>\$ 4,536,038</u> |
| | | | | (Concluded) |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2025 and 2024.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Balance at January 1 | \$ 498,270 | \$ 505,324 |
| Recognized in other comprehensive income | <u>(79,137)</u> | <u>(7,054)</u> |
| Balance at December 31 | <u>\$ 419,133</u> | <u>\$ 498,270</u> |
| Change in unrealized gains or losses for the current year recognized in other comprehensive income that is relating to assets held at the end of the year | <u>\$ (79,137)</u> | <u>\$ (7,054)</u> |

3) Valuation techniques and inputs applied for Level 3 fair value measurement

December 31, 2025

| Class of Financial Instruments | Valuation Technique | Significant Unobservable Inputs | Quantitative Information | Relationship Between Unobservable Inputs and Fair Value | Sensitivity Analysis of the Relationship Between Unobservable Inputs and Fair Value |
|--|----------------------|---------------------------------|--------------------------|--|--|
| Financial assets: Unlisted shares measured at fair value through other comprehensive income | Market approach | Lack of marketability discount | 30%-50% | The higher the discount for lack of marketability, the lower the fair value of the stocks. | If the percentage of lack of marketability increases/decreases by 10%, the Group's equity will decrease/increase by \$48,877 thousand. |
| | Asset-based approach | Lack of marketability discount | 0%-30% | The higher the discount for lack of marketability, the lower the fair value of the stocks. | If the percentage of lack of marketability increases/decreases by 10%, the Group's equity will decrease/increase by \$7,831 thousand. |

December 31, 2024

| Class of Financial Instruments | Valuation Technique | Significant Unobservable Inputs | Quantitative Information | Relationship Between Unobservable Inputs and Fair Value | Sensitivity Analysis of the Relationship Between Unobservable Inputs and Fair Value |
|--|----------------------|---------------------------------|--------------------------|--|--|
| Financial assets: Unlisted shares measured at fair value through other comprehensive income | Market approach | Lack of marketability discount | 30%-50% | The higher the discount for lack of marketability, the lower the fair value of the stocks. | If the percentage of lack of marketability increases/decreases by 10%, the Group's equity will decrease/increase by \$60,259 thousand. |
| | Asset-based approach | Lack of marketability discount | 0%-30% | The higher the discount for lack of marketability, the lower the fair value of the stocks. | If the percentage of lack of marketability increases/decreases by 10%, the Group's equity will decrease/increase by \$7,726 thousand. |

c. Categories of financial instruments

| | <u>December 31</u> | |
|---|--------------------|--------------|
| | 2025 | 2024 |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost (Note 1) | \$ 9,145,053 | \$ 8,957,048 |
| Financial assets at FVTOCI | 4,900,287 | 4,536,038 |
| <u>Financial liabilities</u> | | |
| Amortized cost (Note 2) | 42,483,454 | 45,860,242 |

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, financial assets measured at amortized cost (classified as other current and non-current assets) and refundable deposits (classified as other non-current assets).

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, accounts payable to related parties, other payables, lease liabilities, current portion of long-term borrowings, long-term borrowings and guarantee deposits received (classified as other non-current liabilities).

d. Financial risk management objectives and policies

The main objective of the Group's financial risk management is to manage market risks arising from operating activities (including foreign currency risk, interest risk, and other price risk), credit risk and liquidity risk. The Group identifies, measures, and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for the management of the abovementioned financial risks in compliance with relevant regulations. Significant financial activities are subject to review by the board of directors and the audit committee in accordance with applicable regulations and the internal control system. During the execution of financial management activities, the Group is required to strictly adhere to the established financial risk management policies.

1) Market risk

a) Foreign currency risk

The Group primarily engages in various business activities within Taiwan, and the amount of foreign currency held is insignificant. Therefore, the risk arising from changes in foreign exchange rates is not significant for the Group.

b) Interest rate risk

Interest rate risk refers to the risk of fluctuations in future cash flows on financial instruments due to changes in market interest rates. The Group's interest rate risk primarily arises from borrowings with floating interest rates.

The sensitivity analysis was made on the basis of the Group's financial assets and liabilities with floating interest rates as of the balance sheet date. Assuming a 10 basis point higher/lower during the fiscal year, the Group's profit before tax for the years ended December 31, 2025 and 2024 would have decreased/increased by \$25,361 thousand and \$30,160 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed and unlisted shares. The Group established a real-time control system for the risk, and management does not anticipate any material loss due to this risk.

The sensitivity analysis of the above investments was determined based on financial assets measured at fair value at the end of reporting period. If market price had been 5% higher/lower, the effects on the Group's other comprehensive income for the years ended December 31, 2025 and 2024 would have been increased/decreased by \$245,014 thousand and \$226,802 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises from its operating activities - primarily contract assets, accounts receivable, and notes receivable - as well as from its financing activities, which mainly include bank deposits and various financial instruments.

Each unit of the Group follows credit risk policies, procedures, and controls to manage credit risk. The credit risk assessment of all counterparties comprehensively considers factors such as the counterparty's financial condition, credit rating agency ratings, historical transaction experience, current economic environment, and Group's internal rating standards. The Group also uses certain credit enhancement instruments (such as advance receipts and insurance) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2025 and 2024, the receivables from the top ten customers of the Group accounted for only a small percentage of total receivables, indicating no significant concentration of credit risk.

The Group's finance department manages the credit risk with bank deposits and other financial instruments in accordance with internal policies. As the Group's counterparties are determined by internal control procedures and are creditworthy banks, financial institutions, and companies with investment grades, there is no significant performance concern and no significant credit risk.

3) Liquidity risk

The Group maintains financial flexibility through a combination of cash and cash equivalents, highly liquid securities, bank borrowings, and the issuance of corporate bonds. The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows and the earliest date on which repayment may be required. The amounts disclosed include contractual interest payments. For liabilities with floating rates, the undiscounted interest amounts are derived from the yield curve at the end of the reporting period.

The following shows the remaining contractual maturities of the Group's non-derivative financial liabilities based on the agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2025

| | Less than 1 Year | 2-3 Years | 4-5 Years | Over 5 Years | Total |
|-----------------------------|-----------------------------|---------------------|---------------------|---------------------|----------------------|
| Borrowings | \$ 23,838,987 | \$ 5,907,379 | \$ 3,200,353 | \$ 1,554,280 | \$ 34,500,999 |
| Payables | 3,830,191 | - | - | - | 3,830,191 |
| Lease liabilities | 467,949 | 906,541 | 884,708 | 2,985,214 | 5,244,412 |
| Guarantee deposits received | <u>49,586</u> | <u>25,206</u> | <u>41,303</u> | <u>28,902</u> | <u>144,997</u> |
| | <u>\$ 28,186,713</u> | <u>\$ 6,839,126</u> | <u>\$ 4,126,364</u> | <u>\$ 4,568,396</u> | <u>\$ 43,720,599</u> |

Further information relating to the maturity analysis of lease liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | Over 15 Years | Total |
|-------------------|-----------------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|
| Lease liabilities | <u>\$ 467,949</u> | <u>\$ 1,791,249</u> | <u>\$ 1,936,170</u> | <u>\$ 1,030,697</u> | <u>\$ 18,347</u> | <u>\$ 5,244,412</u> |

December 31, 2024

| | Less than 1 Year | 2-3 Years | 4-5 Years | Over 5 Years | Total |
|-----------------------------|-----------------------------|----------------------|---------------------|---------------------|----------------------|
| Borrowings | \$ 24,549,519 | \$ 10,539,916 | \$ 1,752,497 | \$ 506,700 | \$ 37,348,632 |
| Payables | 3,242,403 | - | - | - | 3,242,403 |
| Lease liabilities | 428,876 | 869,480 | 878,254 | 3,529,409 | 5,706,019 |
| Guarantee deposits received | <u>48,302</u> | <u>18,559</u> | <u>38,269</u> | <u>28,653</u> | <u>133,783</u> |
| | <u>\$ 28,269,100</u> | <u>\$ 11,427,955</u> | <u>\$ 2,669,020</u> | <u>\$ 4,064,762</u> | <u>\$ 46,430,837</u> |

Further information relating to the maturity analysis of lease liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | Over 15 Years | Total |
|-------------------|-----------------------------|---------------------|---------------------|--------------------|--------------------------|---------------------|
| Lease liabilities | <u>\$ 428,876</u> | <u>\$ 1,747,734</u> | <u>\$ 2,994,168</u> | <u>\$ 479,724</u> | <u>\$ 55,517</u> | <u>\$ 5,706,019</u> |

As of December 31, 2025 and 2024, the Group's unused bank financing facilities amounted to \$53,826,569 thousand and \$45,424,195 thousand, respectively.

25. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expense between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|---|--|
| Symphox Information Co., Ltd. (Symphox Information) | Joint venture |
| Xiangyang Realty Co., Ltd. (Xiangyang Realty) | Joint venture |
| Cathay United Bank Co., Ltd. (Cathay United Bank) | Other related party |
| Cathay Life Insurance Co., Ltd. (Cathay Life Insurance) | Other related party |
| Cathay Financial Holdings Co., Ltd. (Cathay Financial Holdings) | Other related party |
| Cathay Medical Care Corp. (Cathay Hospital) | Other related party |
| Cathay Century Insurance Co., Ltd. (Cathay Century Insurance) | Other related party |
| Cathay Securities Co., Ltd. (Cathay Securities) | Other related party |
| Cathay Securities Investment Trust Co., Ltd. (Cathay Securities Investment Trust) | Other related party |
| Lin Yuan Investment Co., Ltd. (Lin Yuan Investment) | Other related party |
| Seaward Card Co., Ltd. (Seaward Card) | Other related party |
| Jenn Sheng Capital Co., Ltd (Jenn Sheng) | Other related party |
| Tung Chi Capital Co., Ltd. (Tung Chi Capital) | Other related party |
| Liang Ting Capital Co., Ltd (Liang Ting Capital) | Other related party |
| Mr./Ms. Lee | The Company's key management personnel |
| Mr./Ms. Lee | Spouse of the Company's key management personnel |
| Mr./Ms. Chen | Spouse of the Company's key management personnel |
| Mr./Ms. Lu | Spouse of the Company's key management personnel |
| Mr./Ms. Hsieh | Children of the Company's key management personnel |
| Mr./Ms. Tseng | Spouse of management personnel of related party |

b. Operating revenue

| <u>Line Item</u> | <u>Related Party Category</u> | <u>For the Year Ended December 31</u> | |
|-------------------------------|-------------------------------|---------------------------------------|---------------------|
| | | <u>2025</u> | <u>2024</u> |
| Construction contract revenue | Other related parties | | |
| | Cathay Life Insurance | \$ 4,425,929 | \$ 5,450,507 |
| | Cathay Hospital | <u>87,718</u> | <u>39,393</u> |
| | | <u>\$ 4,513,647</u> | <u>\$ 5,489,900</u> |

(Continued)

| Line Item | Related Party Category | For the Year Ended December 31 | |
|-----------------|---------------------------|--------------------------------|---------------------|
| | | 2025 | 2024 |
| Service revenue | Other related parties | | |
| | Cathay Life Insurance | \$ 1,313,606 | \$ 1,134,918 |
| | Cathay United Bank | 204,984 | 198,014 |
| | Tung Chi Capital | 14,513 | 14,481 |
| | Liang Ting Capital | 12,844 | 12,583 |
| | Jenn Sheng Capital | 10,147 | 10,376 |
| | Cathay Financial Holdings | 6,903 | 5,037 |
| | Cathay Century Insurance | 6,154 | 8,900 |
| | Cathay Securities | 3,815 | 2,430 |
| | Cathay Hospital | <u>3,384</u> | <u>932</u> |
| | | <u>\$ 1,576,350</u> | <u>\$ 1,387,671</u> |
| Rental income | Other related parties | | |
| | Cathay United Bank | \$ 10,813 | \$ 13,197 |
| | Cathay Life Insurance | <u>9,394</u> | <u>3,767</u> |
| | | <u>\$ 20,207</u> | <u>\$ 16,964</u> |

(Concluded)

Construction contract revenue

The construction contract prices with related parties are determined based on the estimated construction costs input plus reasonable management fees and profits, negotiated and agreed upon by both parties. The transaction prices and payment terms are not significantly different from those with non-related parties.

As of December 31, 2025, the total contract value of construction projects undertaken by the Group for Cathay Life Insurance and Cathay Hospital, which have been signed but not yet completed, amounted to \$28,002,900 thousand. Of this amount, \$12,623,168 thousand has been collected, and the remaining \$15,379,732 thousand to be received upon future performance achieved.

Service revenue

Service revenue includes health examination services, accommodation services, and technical and maintenance services revenue. The transaction prices and payment terms are not significantly different from those of non-related parties.

Rental income

The determination and collection of rent are in accordance with the contract provisions, and there is no significant difference from non-related parties transactions.

c. Purchases

| Related Party Category | Nature of The Transaction | For the Year Ended December 31 | |
|--------------------------|---------------------------------|--------------------------------|------------------|
| | | 2025 | 2024 |
| Other related parties | | | |
| Cathay Century Insurance | Insurance fee | \$ 39,122 | \$ 12,272 |
| Cathay United Bank | Rent subsidies | 22,462 | 44,924 |
| Cathay United Bank | Management fee of trust service | 7,129 | 6,971 |
| Lin Yuan Investment | Rent subsidies | 6,720 | 6,720 |
| Cathay Life Insurance | Insurance fee | <u>5,117</u> | <u>4,537</u> |
| | | <u>\$ 80,550</u> | <u>\$ 75,424</u> |

Purchases were made at market prices to reflect the quantity of goods purchased and the relationships between the parties.

d. Bank deposits, other current assets and short-term borrowings

| Related Party Category/Name | Nature of the Transaction | For the Year Ended December 31, 2025 | | |
|-----------------------------|---------------------------|--------------------------------------|----------------|---------------|
| | | Highest Balance | Ending Balance | Interest Rate |
| Other related parties | | | | |
| Cathay United Bank | Demand deposits | \$ 10,285,818 | \$ 4,648,512 | 0.64% |
| | Check deposits | 3,348,114 | 12,890 | - |
| | Securities account | 2,796,969 | 307,650 | 0.01% |
| | Deposit account | 2,022,890 | 1,406,600 | 0.67%-1.69% |
| | Short-term borrowings | 3,550,000 | 2,000,000 | 2.15% |
| Cathay Life Insurance | Short-term borrowings | 100,000 | - | - |

| Related Party Category/Name | Nature of the Transaction | For the Year Ended December 31, 2024 | | |
|-----------------------------|---------------------------|--------------------------------------|----------------|---------------|
| | | Highest Balance | Ending Balance | Interest Rate |
| Other related parties | | | | |
| Cathay United Bank | Demand deposits | \$ 13,163,871 | \$ 3,653,461 | 0.51%-0.64% |
| | Check deposits | 2,494,868 | 43,535 | - |
| | Securities account | 1,780,851 | 195,612 | 0.01% |
| | Deposit account | 1,933,700 | 1,869,850 | 0.67%-1.69% |
| | Short-term borrowings | 2,300,000 | 500,000 | 2.14% |

| Line Item | Related Party Category/Name | For the Year Ended December 31 | |
|-----------------|-----------------------------|--------------------------------|------------------|
| | | 2025 | 2024 |
| Finance costs | Other related parties | | |
| | Cathay United Bank | <u>\$ 35,517</u> | <u>\$ 29,119</u> |
| Interest income | Other related parties | | |
| | Cathay United Bank | <u>\$ 32,871</u> | <u>\$ 32,235</u> |

e. Receivable from related parties

| Related Party Category/Name | December 31 | |
|------------------------------------|--------------------|------------------|
| | 2025 | 2024 |
| Other related parties | | |
| Cathay Hospital | \$ 85,324 | \$ 719 |
| Cathay United Bank | 12,059 | 11,997 |
| Cathay Life Insurance | 4,354 | 7,963 |
| Others | 936 | 64 |
| | <u>\$ 102,673</u> | <u>\$ 20,743</u> |

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

| Related Party Category/Name | December 31 | |
|------------------------------------|--------------------|-----------------|
| | 2025 | 2024 |
| Other related parties | | |
| Cathay Life Insurance | \$ 2,495 | \$ 3,313 |
| Others | 614 | 1,264 |
| | <u>\$ 3,109</u> | <u>\$ 4,577</u> |

For purchases from or sales to related parties involving goods of similar specifications, the prices are comparable to those with non-related parties. For goods with different specifications, due to the diverse nature of the products and varying services provided, the prices are determined on a case-by-case basis. The payment and collection terms with related parties are also comparable to those with non-related parties.

The outstanding payable to related parties are unsecured.

g. Lease agreement

| Related Party Category/Name | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| <u>Acquisition of right-of-use assets</u> | | |
| Other related parties | | |
| Cathay Life Insurance | <u>\$ 84,782</u> | <u>\$ 384,204</u> |
| | | |
| Related Party Category/Name | December 31 | |
| | 2025 | 2024 |
| <u>Lease liabilities</u> | | |
| Other related parties | | |
| Cathay Life Insurance | <u>\$ 5,056,166</u> | <u>\$ 5,497,235</u> |

| Related Party Category/Name | For the Year Ended December 31 | |
|------------------------------------|---------------------------------------|-------------|
| | 2025 | 2024 |

Interest expense

Other related parties

Cathay Life Insurance

\$ 150,382

\$ 158,041

h. Other current assets - restricted assets

| Related Party Category/Name | December 31 | |
|------------------------------------|--------------------|-------------|
| | 2025 | 2024 |

Other related parties

Cathay Life Insurance

\$ 5,000

\$ 5,000

i. Other non-current assets/liabilities

| Line Item | Related Party Category/Name | For the Year Ended December 31 | |
|------------------|------------------------------------|---------------------------------------|-------------|
| | | 2025 | 2024 |

Refundable deposit

Other related parties

Cathay Life Insurance

Lin Yuan Investment

\$ 48,526

\$ 50,143

4,000

8,000

\$ 52,526

\$ 58,143

Guarantee deposits received

Other related parties

Cathay United Bank

Cathay Life Insurance

\$ 3,174

\$ 2,324

3,103

2,072

\$ 6,277

\$ 4,396

j. Pre-sale real estate purchase agreement

The total transaction amount of pre-sale real estate purchase agreements entered into between the Group and related parties is as follows:

| Related Party Category/Name | For the Year Ended December 31 | |
|------------------------------------|---------------------------------------|-------------|
| | 2025 | 2024 |

The Company's key management personnel

Mr./Ms. Lee

\$ -

\$ 34,400

Spouse of management personnel of related party

Mr./Ms. Tseng

-

26,290

Spouse of the Company's key management personnel

Mr./Ms. Chen

-

25,060

Mr./Ms. Lee

-

23,500

Mr./Ms. Lu

-

33,450

-

82,010

Children of the Company's key management personnel

Mr./Ms. Hsieh

-

23,450

\$ -

\$ 166,150

k. Endorsements and guarantees

| Related Party Category/Name | December 31 | |
|------------------------------------|---------------------|-------------|
| | 2025 | 2024 |
| Joint venture | | |
| Xiangyang Realty | | |
| Amount endorsed | <u>\$ 2,940,000</u> | <u>\$ -</u> |
| Amount utilized | <u>\$ 1,626,310</u> | <u>\$ -</u> |

l. Other transactions with related parties

| Line Item | Related Party Category | For the Year Ended December 31 | |
|--------------------|-------------------------------|---------------------------------------|-------------------|
| | | 2025 | 2024 |
| Other revenue | Joint venture | | |
| | Xiangyang Realty | \$ 6,829 | \$ - |
| | Other related parties | | |
| | Cathay United Bank | 4,989 | 4,788 |
| | Cathay Life Insurance | <u>4,794</u> | <u>4,357</u> |
| | | <u>\$ 16,612</u> | <u>\$ 9,145</u> |
| Operating costs | Joint venture | | |
| | Symphox Information | \$ 3,214 | \$ 3,638 |
| | Other related parties | | |
| | Cathay Life Insurance | 158,882 | 141,081 |
| | Cathay Century Insurance | <u>46,781</u> | <u>20,868</u> |
| | | <u>\$ 208,877</u> | <u>\$ 165,587</u> |
| Operating expenses | Joint venture | | |
| | Symphox Information | \$ 4,730 | \$ 3,429 |
| | Other related parties | | |
| | Cathay Life Insurance | 90,741 | 100,902 |
| | Cathay Century Insurance | 12,836 | 14,307 |
| | Seaward Card | 6,498 | 3,241 |
| | Cathay United Bank | <u>1,222</u> | <u>4,326</u> |
| | | <u>\$ 116,027</u> | <u>\$ 126,205</u> |

m. Remuneration of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| Short-term employee benefits | \$ 88,474 | \$ 89,635 |
| Post-employment benefits | <u>1,082</u> | <u>1,159</u> |
| | <u>\$ 89,556</u> | <u>\$ 90,794</u> |

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged as the Group's collateral for bank loans and contract guarantees, etc.:

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | <u>2025</u> | <u>2024</u> |
| Inventories | \$ 8,348,400 | \$ 11,766,000 |
| Investment properties | 18,412,332 | 7,492,332 |
| Financial assets at fair value through other comprehensive income | 3,259,400 | - |
| Pledged deposits | <u>107,826</u> | <u>116,811</u> |
| | <u>\$ 30,127,958</u> | <u>\$ 19,375,143</u> |

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

a. Significant contract

As of December 31, 2025, the Group has signed construction contracts with non-related parties with a total contract price of \$10,204,633 thousand, with an unpaid amount of \$6,337,185 thousand.

b. Others

- 1) As of December 31, 2025, promissory notes issued by the Group to financial institutions in connection with borrowings amounted to \$62,901,330 thousand.
- 2) As of December 31, 2025, promissory notes issued by the Group for construction warranty and performance guarantees amounted to \$2,885,786 thousand.

28. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on financial information. The Group's reportable segments were as follows:

Property and real estate development department: Primarily responsible for commissioning construction contractors to build residential and commercial buildings for lease or sale, as well as handling various equipment leasing operations.

Construction department: Mainly engaged in construction contracting and construction management.

The following was an analysis of the Group's revenue and results by reportable segments:

| | Property and Real Estate Investment Development Department | Construction Department | Others | Adjustment and Elimination | Total |
|--|---|------------------------------------|---------------------|---|----------------------|
| For the year ended <u>December 31, 2025</u> | | | | | |
| Revenue from external customers | \$ 13,744,356 | \$ 4,888,456 | \$ 5,656,422 | \$ - | \$ 24,289,234 |
| Inter-segment revenue | <u>99,590</u> | <u>7,140,706</u> | <u>192,261</u> | <u>(7,432,557)</u> | <u>-</u> |
| Total revenue | <u>\$ 13,843,946</u> | <u>\$ 12,029,162</u> | <u>\$ 5,848,683</u> | <u>\$ (7,432,557)</u> | <u>\$ 24,289,234</u> |
| Segment income (loss) | <u>\$ 3,586,519</u> | <u>\$ 1,427,653</u> | <u>\$ (16,789)</u> | <u>\$ (1,078,781)</u> | <u>\$ 3,918,602</u> |
| For the year ended <u>December 31, 2024</u> | | | | | |
| Revenue from external customers | \$ 12,988,446 | \$ 5,661,374 | \$ 5,208,869 | \$ - | \$ 23,858,689 |
| Inter-segment revenue | <u>93,202</u> | <u>5,768,928</u> | <u>144,083</u> | <u>(6,006,213)</u> | <u>-</u> |
| Total revenue | <u>\$ 13,081,648</u> | <u>\$ 11,430,302</u> | <u>\$ 5,352,952</u> | <u>\$ (6,006,213)</u> | <u>\$ 23,858,689</u> |
| Segment income (loss) | <u>\$ 1,971,643</u> | <u>\$ 638,117</u> | <u>\$ (127,623)</u> | <u>\$ (409,958)</u> | <u>\$ 2,072,179</u> |

The transfer pricing between operating segments is based on arm's length transactions comparable to those with external third parties. External revenue and segment results are presented in a manner consistent with the information provided to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance.

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Material marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 3)
- 5) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 4)
- 6) Other: Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS AND GUARANTEES PROVIDED FOR OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor | Endorsed and Guaranteed Party | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Amount Utilized | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----|--|-------------------------------|-----------------------|--|---|---|------------------------|---|--|---|--|--|---|
| | | Company Name | Relationship (Note 1) | | | | | | | | | | |
| 0 | Cathay Real Estate Development Co., Ltd. | Bannan Realty Co., Ltd. | a | \$ 9,209,530 | \$ 5,763,000 | \$ 5,763,000 | \$ 786,476 | \$ - | 18.77% | \$ 18,419,060 | Y | N | N |
| | | Xiangyang Realty Co., Ltd. | b | 9,209,530 | 2,940,000 | 2,940,000 | 1,626,310 | - | 9.58% | 18,419,060 | N | N | N |

Note 1: The categories of relationship between the endorsing and guaranteed parties are as follows:

- a. A company in which the company directly or indirectly holds more than 50% of the voting shares.
- b. A company where all capital contributing shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages.

Note 2: Limits on endorsement guarantee given on behalf of each party represents 30% of the net equity on the most current financial statements.

Note 3: Aggregate endorsement guarantee limit represents 60% of the net equity on the most current financial statements.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

MATERIAL MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

| Holding Company Name | Type and Name of Marketable Securities (Note 1) | Relationship with the Holding Company | Financial Statement Account | December 31, 2025 | | | | Note |
|--|---|---------------------------------------|--|-------------------|-----------------|-----------------------------|--------------|--------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Cathay Real Estate Development Co., Ltd. | <u>Ordinary shares</u> | | | | | | | |
| | Cathay Financial Holdings Co., Ltd. | Other related parties | Financial assets at FVTOCI - current | 59,118,129 | \$ 4,481,154 | 0.40 | \$ 4,481,154 | Note 2 |
| | Gian Feng Investment Co., Ltd. | - | Financial assets at FVTOCI - non-current | 2,000,000 | 25,274 | 10.00 | 25,274 | |
| | Da Chiang International Co., Ltd. | - | " | 3,448,276 | 52,988 | 1.72 | 52,988 | |
| | Nangang International One Co., Ltd. | Other related parties | " | 27,465,000 | 146,114 | 7.85 | 146,114 | |
| Nangang International Two Co., Ltd. | Other related parties | " | 32,460,000 | 172,038 | 8.12 | 172,038 | | |
| San-Ching Engineering Co., Ltd. | <u>Ordinary shares</u> | | | | | | | |
| | China Construction Management Co., Ltd. | - | Financial assets at FVTOCI - non-current | 1,400,000 | 22,106 | 5.48 | 22,106 | |

Note 1: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

Note 2: Refer to Note 26 for information on the 43,000 thousand shares pledged to financial institutions as collateral for credit facilities.

Note 3: This table presents marketable securities that the Group determined, based on materiality, require disclosure.

Note 4: Refer to Table 6 for information on investments in subsidiaries and associates.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

| Buyer | Related Party | Relationship | Transaction Details (Note 1) | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) (Note 1) | | Note |
|--|--|-----------------------|---------------------------------|--------------|---------------|----------------|----------------------|---------------|--|---------------|--------|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| Cathay Real Estate Development Co., Ltd. | San-Ching Engineering Co., Ltd. | Subsidiary | Purchases | \$ 4,809,870 | 61% | Not applicable | \$ - | - | \$ (1,738,177) | 62% | Note 2 |
| San-Ching Engineering Co., Ltd. | Cathay Real Estate Development Co., Ltd. | Parent company | Sales | (4,809,870) | 40% | Not applicable | - | - | 2,024,461 | 74% | Note 2 |
| | Jinhua Realty Co., Ltd. | Affiliated company | Sales | (1,319,996) | 11% | Not applicable | - | - | 488,294 | 18% | Note 2 |
| | Sanchong Realty Co., Ltd. | Affiliated company | Sales | (518,288) | 4% | Not applicable | - | - | 66,465 | 2% | Note 2 |
| | Bannan Realty Co., Ltd. | Affiliated company | Sales | (557,335) | 5% | Not applicable | - | - | - | - | Note 2 |
| | Cathay Life Insurance Co., Ltd. | Other related parties | Sales | (4,425,929) | 37% | Not applicable | - | - | - | - | |
| Lin Yuan Property Management Co., Ltd. | Cathay Life Insurance Co., Ltd. | Other related parties | Sales | (1,304,195) | 64% | 30-90 days | - | - | 4,354 | 13% | |
| | Cathay United Bank Co., Ltd. | Other related parties | Sales | (187,436) | 9% | 30-90 days | - | - | 12,019 | 35% | |
| Jinhua Realty Co., Ltd. | San-Ching Engineering Co., Ltd. | Affiliated company | Purchases | 1,319,996 | 95% | Not applicable | - | - | (501,952) | 88% | Note 2 |
| Sanchong Realty Co., Ltd. | San-Ching Engineering Co., Ltd. | Affiliated company | Purchases | 518,288 | 76% | Not applicable | - | - | - | - | Note 2 |
| Bannan Realty Co., Ltd. | San-Ching Engineering Co., Ltd. | Affiliated company | Purchases | 557,335 | 42% | Not applicable | - | - | - | - | Note 2 |

Note 1: Refers to unsettled import (export) goods and receivable (payable) notes and accounts before offsetting with the import (export) company.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss | Notes |
|---------------------------------|--|--------------------|----------------|---------------|---------|---------------|---------------------------------------|-------------------------------|---------------|
| | | | | | Amount | Actions Taken | | | |
| San-Ching Engineering Co., Ltd. | Cathay Real Estate Development Co., Ltd. | Parent company | \$ 2,024,461 | 1.97 | \$ - | - | \$ 1,230,159 | \$ - | Notes 1 and 2 |
| | Jinhua Realty Co., Ltd. | Affiliated company | 488,294 | 5.10 | - | - | 248,512 | - | Notes 1 and 2 |

Note 1: Primarily represents construction contract revenue and accounts receivable arising from advance payments received for construction projects.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | | |
|---------------------------|--|--|--------------------------|--|--------------------|-----------------------------|---|
| | | | | Financial Statement Account | Amount (Note 4) | Payment Terms | % of Total Sales or Assets (Note 3) |
| 0 | Cathay Real Estate Development Co., Ltd. | Lin Yuan Property Management Co., Ltd. | a | Rental income | \$ 8,303 | Under normal business terms | - |
| | | Cathay Hospitality Management Co., Ltd. | a | Rental income | 44,191 | Under normal business terms | - |
| | | Cathay Hospitality Consulting Co., Ltd. | a | Rental income | 41,994 | Under normal business terms | - |
| | | Bannan Realty Co., Ltd. | a | Other income | 6,429 | Under normal business terms | - |
| | | Sanchong Realty Co., Ltd. | a | Other income | 11,750 | Under normal business terms | - |
| | | Zhulun Realty Co., Ltd. | a | Other income | 8,333 | Under normal business terms | - |
| 1 | Cathay Hospitality Consulting Co., Ltd. | Cathay Food & Beverage Group Co., Ltd. | c | Other hospitality and catering service revenue | 64,871 | Under normal business terms | - |
| | | Cathay Food & Beverage Group Co., Ltd. | c | Other receivables from related parties | 14,096 | Under normal business terms | - |
| 2 | San-Ching Engineering Co., Ltd. | Cathay Real Estate Development Co., Ltd. | b | Receivables from related parties | 2,024,461 | Under normal business terms | 2% |
| | | Cathay Real Estate Development Co., Ltd. | b | Construction contract revenue | 4,809,870 | Under normal business terms | 20% |
| | | Jinhua Realty Co., Ltd. | c | Receivables from related parties | 488,294 | Under normal business terms | 1% |
| | | Jinhua Realty Co., Ltd. | c | Construction contract revenue | 1,319,996 | Under normal business terms | 5% |
| | | Bannan Realty Co., Ltd. | c | Construction contract revenue | 557,335 | Under normal business terms | 2% |
| | | Sanchong Realty Co., Ltd. | c | Receivables from related parties | 66,465 | Under normal business terms | - |
| Sanchong Realty Co., Ltd. | c | Construction contract revenue | 518,288 | Under normal business terms | 2% | | |
| 3 | Lin Yuan Property Management Co., Ltd. | Cathay Real Estate Development Co., Ltd. | b | Service revenue | 54,460 | Under normal business terms | - |
| | | San-Ching Engineering Co., Ltd. | c | Service revenue | 48,611 | Under normal business terms | - |
| | | Cathay Healthcare Management Co., Ltd. | c | Service revenue | 7,396 | Under normal business terms | - |

Note 1: The method of filling in the number:

- The parent company is numbered 0.
- The subsidiaries of the Company are sequentially numbered from 1 based on their investment structure.

Note 2: There are three types of intercompany transactions:

- Parent to subsidiary.
- Subsidiary to parent company.
- Between subsidiaries.

Note 3: If the transaction account is a balance sheet account, the disclosed amount is calculated by balance at period end of total assets.
If the transaction account is an income statement of income account, the disclosed amount is calculated based on the accumulated amount for the period as a percentage of total revenue.

Note 4: The Group may decide whether to list significant transactions based on the principle of materiality.

CATHAY REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2025 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|--|---|----------|--|----------------------------|-------------------|-------------------------|-----------|-----------------|-----------------------------------|------------------------|------------------------------|
| | | | | December 31, 2025 | December 31, 2024 | Number of Shares | Ratio (%) | Carrying Amount | | | |
| Cathay Real Estate Development Co., Ltd. | Cathay Real Estate Management Co., Ltd. | Taiwan | Construction management | \$ 50,000 | \$ 50,000 | 5,000,000 | 100.00 | \$ 139,976 | \$ 35,222 | \$ 35,222 | Subsidiary (Notes 1 and 2) |
| | Cathay Healthcare Management Co., Ltd. | " | Consultancy | 467,500 | 467,500 | 46,750,000 | 85.00 | 805,162 | 230,145 | 195,623 | Subsidiary (Notes 1 and 2) |
| | Cathay Hospitality Management Co., Ltd. | " | Service industry | 1,740,000 | 1,740,000 | 25,000,000 | 100.00 | 97,283 | 24,164 | 26,483 | Subsidiary (Notes 1 and 2) |
| | Cathay Hospitality Consulting Co., Ltd. | " | Service industry | 1,300,000 | 1,300,000 | 10,000,000 | 100.00 | 100,972 | (8,071) | (4,383) | Subsidiary (Notes 1 and 2) |
| | Cymbal Medical Network Co., Ltd. | " | Wholesale of drugs, medical goods | 600,000 | 350,000 | 60,000,000 | 100.00 | 111,910 | (186,803) | (186,803) | Subsidiary (Notes 1 and 2) |
| | Lin Yuan Property Management Co., Ltd. | " | Apartment building management service industry | 68,809 | 68,809 | 1,530,000 | 51.00 | 119,619 | 168,242 | 87,179 | Subsidiary (Notes 1 and 2) |
| | Jinhua Realty Co., Ltd. | " | Housing and building development and rental industry | 408,000 | 408,000 | 40,800,000 | 51.00 | 343,296 | 13,899 | 8,710 | Subsidiary (Notes 1 and 2) |
| | Bannan Realty Co., Ltd. | " | " | 586,500 | 586,500 | 58,650,000 | 51.00 | 400,585 | (157,206) | (80,175) | Subsidiary (Notes 1 and 2) |
| | Sanchong Realty Co., Ltd. | " | " | 1,834,800 | 1,834,800 | 183,480,000 | 66.00 | 1,641,404 | (69,720) | (46,015) | Subsidiary (Notes 1 and 2) |
| | Zhulun Realty Co., Ltd. | " | " | 331,500 | 331,500 | 33,150,000 | 51.00 | 318,806 | (4,824) | (2,460) | Subsidiary (Notes 1 and 2) |
| | San-Ching Engineering Co., Ltd. | " | Integrated construction business | 2,400,000 | 2,400,000 | 120,000,000 | 100.00 | 3,185,451 | 1,151,340 | 859,760 | Subsidiary (Notes 1 and 2) |
| | Symphox Information Co., Ltd. | " | Information software wholesale industry | 67,515 | 67,515 | 5,489,000 | 11.20 | 90,028 | (40,024) | (4,482) | Joint venture (Note 1) |
| | San Hsiung Fongshan LaLaport Co., Ltd. | " | Department stores | 204,000 | 204,000 | 204,000,000 | 30.00 | 164,234 | (46,881) | 16,424 | Associate (Note 1) |
| | Xiangyang Realty Co., Ltd. | " | Housing and building development and rental industry | 147,000 | - | 14,700,000 | 49.00 | 146,018 | (2,103) | (982) | Joint venture (Note 1) |
| Cathay Hospitality Consulting Co., Ltd. | Cathay Food & Beverage Group Co., Ltd. | " | Service industry | 167,933 | 115,000 | 16,700,000 | 100.00 | 188,986 | 17,589 | (Note 3) | Sub-subsiary (Notes 1 and 2) |
| Cymbal Medical Network Co., Ltd. | Cymder Co., Ltd. | " | Labor dispatch and leasing industry | - | 120,000 | - | - | - | (33,068) | (Note 4) | Notes 1, 2 and 5 |
| | Cymlin Co., Ltd. | " | " | 225,000 | 140,000 | 22,500,000 | 100.00 | 38,365 | (114,525) | (Note 4) | Sub-subsiary (Notes 1 and 2) |
| San-Ching Engineering Co., Ltd. | Cathay Power Inc. | " | Solar power generation industry | 1,381,433 | 1,381,433 | 111,113,100 | 30.00 | 1,401,208 | 214,264 | 64,279 | Associate (Note 1) |
| | Symphox Information Co., Ltd. | " | Integrated construction business | 244,770 | 244,770 | 19,022,000 | 38.80 | 309,646 | (40,024) | (15,531) | Joint venture (Note 1) |

Note 1: It is calculated based on financial statements audit by certified accountant.

Note 2: In preparing the consolidated financial statements, the transactions have been eliminated.

Note 3: The share of profit (loss) has been recognized under equity method by Cathay Hospitality Consulting Co., Ltd.

Note 4: The share of profit (loss) has been recognized under equity method by Cymbal Medical Network Co., Ltd.

Note 5: Cymbal Medical Network Co., Ltd. and Cymder Co., Ltd. merged in June 2025, with Cymder Co., Ltd. as the dissolved company and Cymbal Medical Network Co., Ltd. as the surviving company.